Changing the way people think about workplace health and safety

ROAD TO ZERO

Workplace Safety and Insurance Board of Ontario
Annual Report 2007

Changing the way people think about workplace health and safety

The Workplace Safety and Insurance Board (WSIB) is mandated under the *Workplace Safety and Insurance Act* to promote health and safety in Ontario workplaces. The WSIB can only achieve its vision – **the elimination of all workplace fatalities, injuries, and illnesses** – by changing the way people think about workplace safety.

In 2007, the WSIB increased its emphasis on a mass-market approach to influence cultural and social norms in Ontario. This approach is reflected in *The Road to Zero: A Prevention Strategy for Workplace Health and Safety in Ontario, 2008 – 2012.*

Over the past 10 or 20 years, we have seen social attitudes alter dramatically in relation to the wearing of seatbelts, smoking, drinking and driving, and climate change. The WSIB is bringing about the same kind of change to the way our society thinks about workplace health and safety.

The WSIB is moving closer to its vision by embedding the belief in every member of our society that workplace fatalities, injuries, and illnesses are unacceptable and preventable.

ROAD TO ZERO

WSIB ONTARIO CSPAAT

prevent-it.ca

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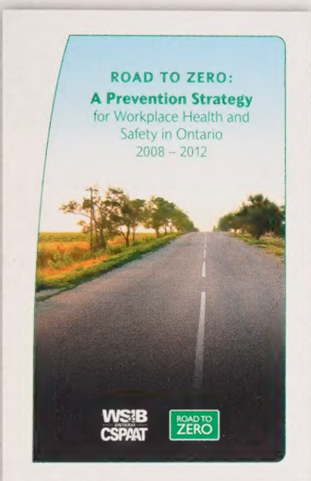
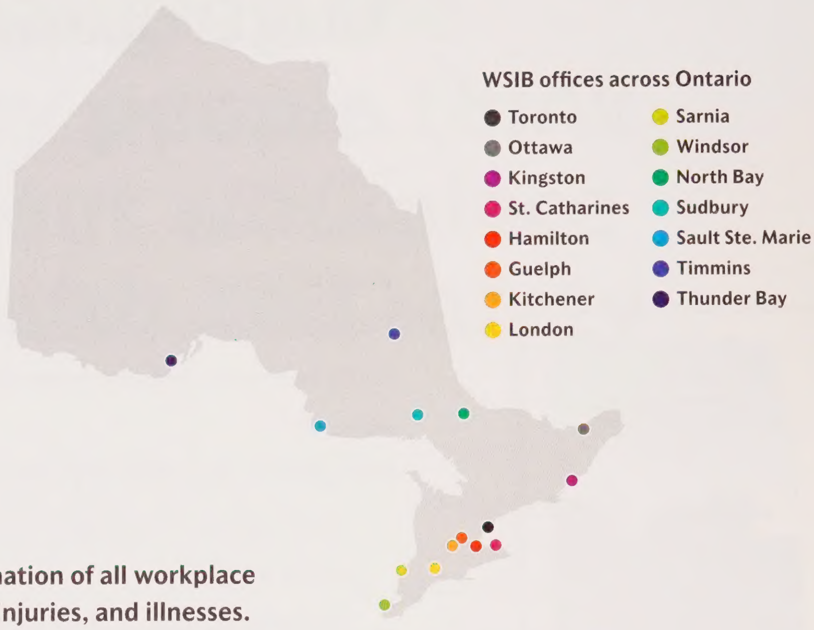


WSIB's *Road to Zero: A Prevention Strategy for Workplace Health and Safety in Ontario, 2008 – 2012*, is available on the WSIB website at www.wsib.on.ca

Corporate profile

The WSIB is an organization of 4,399 people*. It administers the *Workplace Safety and Insurance Act* and the *Workers' Compensation Act*, and has a network of offices across Ontario

*As at December 31, 2007



Vision

The elimination of all workplace fatalities, injuries, and illnesses.

Mission

To **lead** and partner with others in the creation of healthy and safe workplaces. To **prevent** and respond to fatalities, injuries, and illnesses, and measurably lessen their impact on workers, their families, and the workplaces of Ontario when they do occur. To **preserve** a strong and sustainable workplace safety and insurance system that will continue to serve the people of Ontario.

Business fundamentals

Four key business fundamentals are firmly embedded across the organization and are the foundation for the WSIB's Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero*.

WSIB's Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero* is available on the WSIB website at www.wsib.on.ca

FIRST FUNDAMENTAL: Health and safety

The WSIB will lead and partner in the creation of the healthiest and safest workplaces in the world – in which zero fatalities, injuries, and illnesses are the only acceptable measures of success for all Ontarians.

SECOND FUNDAMENTAL: Service excellence

The WSIB will strive towards service excellence, building on its organizational strengths and accomplishments. The WSIB's ultimate goal is to improve return-to-work and health-recovery outcomes and provide fair and timely compensation.

THIRD FUNDAMENTAL: Financial sustainability

The WSIB is committed to ensuring the long-term viability of the workplace health and safety system, and to ensuring its financial resources are dedicated to improving the well-being of workers and employers throughout Ontario.

FOURTH FUNDAMENTAL: Organizational excellence

The WSIB will strengthen its existing infrastructure. With the right people, management practices, business processes, tools, and technology, the WSIB will effect change and reach its shared *Road to Zero* goal.

Steven Mahoney (centre) speaks with a Global News reporter and Jim Sandford (right), whose son was killed in a 2005 workplace incident, at the 2007 Day of Mourning ceremony

Chair's message

Maintain your outrage, maintain your commitment

Looking back on my first full year as chair of the WSIB, I see a vision coming into sharp focus and I see the realization of some important goals. Two events that stand out are the launch of one of the most successful and high-profile public awareness campaigns ever run by an Ontario government agency, and the introduction of significant legislative changes improving benefits for injured workers.

Perhaps more memorable for me personally, though, were the many events I attended at which I was able to meet the people who are helping the WSIB to make its vision a reality – workers, employers, and community leaders across the province who have committed themselves to promoting healthy and safe workplaces. It continues to be a great pleasure and a privilege to meet with these people, to hear their ideas, and to be inspired by their commitment.

"... what is happening every day for people across the province is that they are thinking a bit more about their safety and the safety of their colleagues at work"

The WSIB's 2007 public awareness campaign was aimed at shocking the employers and workers of this province by showing them the harsh reality of injuries, illnesses, and deaths in our workplaces. People were shocked, and people were outraged. People became more aware of the importance of workplace health and safety in all of our lives.

But that is not enough. Our goal must be to maintain that outrage – to maintain that awareness and to maintain that commitment – so that workplace safety programs and internal responsibility systems are not only implemented but also kept in place over time to achieve real and lasting change.

We are calling for a long-term commitment from the employers and workers of Ontario, and I'm glad to say that our calls are being answered. We are seeing evidence of positive change in Ontario workplaces. Workplace health and safety has become a high-profile issue in our communities – an issue that will not go away until all workplace fatalities, injuries, and illnesses are eliminated.

In early 2007, important changes to the *Workplace Safety and Insurance Act* were introduced by the government in Bill 187. The WSIB fully supports these reforms, which will help protect injured workers' benefits against the effects of inflation. They also give the WSIB more flexibility to adjust wage-loss benefits for workers whose circumstances change after the benefit lock-in period; and they make it easier for workers to get their Loss of Retirement Income benefits in a lump sum.

And, just as important, the reforms also make it possible for the WSIB to determine and calculate benefits for injured workers re-entering the workforce based on work that is both suitable and available.

The year 2007 also saw the introduction of presumptive legislation to ensure firefighters are compensated for occupational cancers and work-related heart attacks

(Bill 221). This change is retroactive to 1960, so the WSIB has created a special team to expedite the new claims that are coming in.

These legislative amendments make the system fairer for everyone. With input from all of our stakeholders, the WSIB will continue to review our policies and programs to ensure they meet the needs of Ontario's injured workers.

Looking back over 2007, I have mixed feelings. The WSIB achieved a lot in terms of communicating its vision and preventing injuries – making prevention more of a focus in the organization than it ever has been in the past. We are on the road to zero – but, impatiently, I find myself asking: "Are we there yet?"

The fact is, we're not there yet – and we have a long way to go. As chair of the WSIB, I am informed immediately every time a workplace fatality occurs in this province. There is not a week that goes by in which my BlackBerry does not go off at least once with news of a tragedy in an Ontario workplace. That's the harsh reality – but I'm glad to say it's a reality that more and more members of our society are finding totally unacceptable. And they are willing to do something about it.

No one is under the illusion that our vision of the elimination of all workplace injuries, illnesses, and deaths is going to become a reality tomorrow. But what can happen tomorrow – what is happening every day for people across the province – is that they are thinking a bit more about their safety and the safety of their colleagues at work. A lot more people are getting that niggling, uncertain feeling that additional safety precautions may need to be in place or that a task may need to be re-evaluated one more time.

These changes may seem minor, but they can be the difference between life and death – between a safe day at work and a fatality or serious injury at work – for someone just like you and me.

That's why our public awareness campaigns are so important. They may be shocking. They may be disturbing. They may be outrageous. But if people are being shocked, disturbed, or outraged enough to think twice before taking a risk on the job or putting their employees at risk by allowing unsafe workplace conditions to continue, then I'm satisfied that the WSIB is doing its job and saving lives in Ontario.

Hon. Steven W. Mahoney, P.C.
Chair

Jill Hutcheon (standing) speaks with an audience member at the 2007 Social Marketing campaign launch

President's message

Organizational excellence: An essential foundation

The WSIB's Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero* refers to organizational excellence as the WSIB's fourth business fundamental. But, in many ways, it should be No. 1 because it provides an essential foundation for each of the other fundamentals.

The organizational excellence priorities outlined in *The Road to Zero* give shape to the WSIB's objectives and form a pattern for its success. Since the launch, we have made some significant progress in support of organizational excellence. We have improved management, controllership, and budget processes. We have enhanced staff development opportunities and streamlined the performance development process. And, with the launch of the our Work Safe program and achievement of the National Quality Institute's Level 2 certification, we now have a strong foundation for continuing improvements in our internal health, safety, and wellness practices.

"As an organization that strives for excellence, we continually need to evaluate our performance and find ways to improve"

The WSIB aims to set the standard for Ontario workplaces by becoming a model healthy and safe workplace. As an organization that strives for excellence, we continually need to evaluate our performance and find ways to improve.

Like organizational excellence and health and safety, service excellence is at the core of everything the WSIB does. In 2007, we implemented a variety of changes to enhance services to injured workers and employers.

The year 2007 saw the implementation of bills 221 and 187. This was a huge project that demonstrated integration and alignment across the organization. Over a short period of time, representatives from many areas within the WSIB worked side by side to implement the changes within a very short time frame. A similar level of cooperation within the organization was demonstrated with the WSIB's Voluntary Registration program, which was launched in the fall of 2007, and all WSIB staff members were called upon to work together to support the start of implementation of the WSIB's new service delivery model.

In 2007, as the first step in a major corporate undertaking, we began the development and implementation of the new service delivery model, which will effectively leverage expertise within the WSIB and better serve the workers and employers of Ontario. The model is designed to improve return-to-work and labour market re-entry outcomes; to reduce claims persistency; and to create the capacity for increased involvement of WSIB front-line staff in prevention. This increased alignment supports our new prevention strategy. The model will also address workload issues amongst operations staff and provide more organizational focus and accountability.

Ontario's workers and employers are benefiting from a range of improvements in technological capabilities at the WSIB. Business intelligence is becoming more accessible and integrated, while new systems will help front-line decision-makers

to know when to intervene for timely action on claims. The year 2007 saw limited release of our electronic forms, or "eForms," service that will enable online submission of forms 6 and 7 quickly, conveniently, and securely. We also plan to introduce a business-to-business online reporting application for employers who use human resources management systems, and we are working with Emergis for eProvider reporting that will enable health-care providers to submit forms electronically.

Under the *Workplace Safety and Insurance Act*, the WSIB is obligated to provide the best health-care services for injured and ill workers. That is why we are developing a health-care strategy to ensure continuous improvement in health care for injured and ill workers. When facilitating health care, the WSIB is worker-centred, outcomes-based, and focused on delivering value for money. The WSIB spends half a billion dollars on health care every year. We are using this purchasing power to expand the capacity of the health-care system to treat injured workers successfully. The organization is moving to become more of an active purchaser of health care.

In 2007, we also implemented the hosted call centre technology for improved customer service; we implemented continuous health-care improvements such as the expedited surgery pilot and the telemedicine pilot; and we created a new Occupational Disease Services Division.

Occupational disease is definitely a priority for the WSIB. In 2007, we took a multifaceted approach: Enhancing early case planning, integrating approaches to information gathering, and improving support for adjudication. We are preparing the organization to meet the challenge of future cluster cases, and we are looking at ways to link our prevention activities more closely with our occupational disease planning.

In late 2007, the WSIB unveiled its Unity Quilt. WSIB staff members from across the province volunteered their ideas and spare time over a period of 15 months to create a beautiful representation and reflection of our organization's history and diversity. I believe that the WSIB is more than a corporate entity or a government organization; I believe that it is a community – with shared values, with a common vision, and with a culture that, like the Unity Quilt, is as rich as it is diverse.

I am very excited about the future – 2008 will see many plans across the organization come to fruition as a result of the integration of major initiatives during 2007. We have ensured that all members of the organization are working towards the same goals. I know that every member of the WSIB staff will continue their commitment to continuous improvement and service excellence. I thank WSIB staff members for their dedication, commitment, and hard work. I take pride in their professionalism, and I count on their support on *The Road to Zero*.

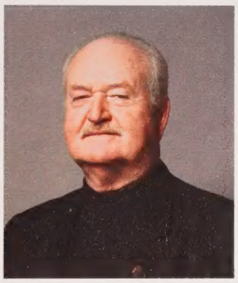
Jill Hutcheon

Jill Hutcheon
President & CEO

The members of the WSIB Board of Directors have a diverse range of skills and understanding, reflecting their experiences across many business and industry sectors

Steven W. Mahoney
Chair

Jill Hutcheon
President



Patrick Dillon
Member

Loretta Henderson
Member

Marlene McGrath
Member

Kenneth Deane
Member

Lawrence R. Barnett
Member

Board member Mike Archambault was on a leave of absence in 2007

Board of Directors

Steven W. Mahoney (May 17, 2006 – May 17, 2009)
President, Mahoney International, and former Liberal member of Parliament, secretary of state for Crown corporations, Ontario MPP, and city and regional councillor in Mississauga

Jill Hutcheon (October 14, 2004 – January 23, 2009)
Former Ontario deputy minister of labour and assistant deputy minister of the safety and regulation division of the Ministry of Transportation and registrar of motor vehicles for Ontario

Patrick Dillon (July 17, 1996 – July 16, 2010)
Business manager and secretary treasurer of the provincial Building and Construction Trades Council of Ontario, and former executive chairman of the IBEW Construction Council of Ontario

Loretta Henderson (October 14, 2004 – October 13, 2010)
Senior Counsel, Corporate Compliance, Miller, Canfield, Paddock and Stone, Director, Windsor Utilities Commission, and former vice-chair, Workplace Safety and Insurance Appeals Commission

Marlene McGrath (October 14, 2004 – October 13, 2010)
Human resources director, international operations, 3M Company

Kenneth Deane (May 18, 2005 – May 17, 2011)
Chief Operating Officer of London Health Sciences and St. Joseph's Health Care, and former president and CEO of Hotel-Dieu Grace Hospital in Windsor

Lawrence R. Barnett (January 15, 2007 – January 14, 2010)
Business representative, benefits and pension coordinator, and trustee, health and welfare benefit plans, Teamsters Local 938

Committees of the Board of Directors

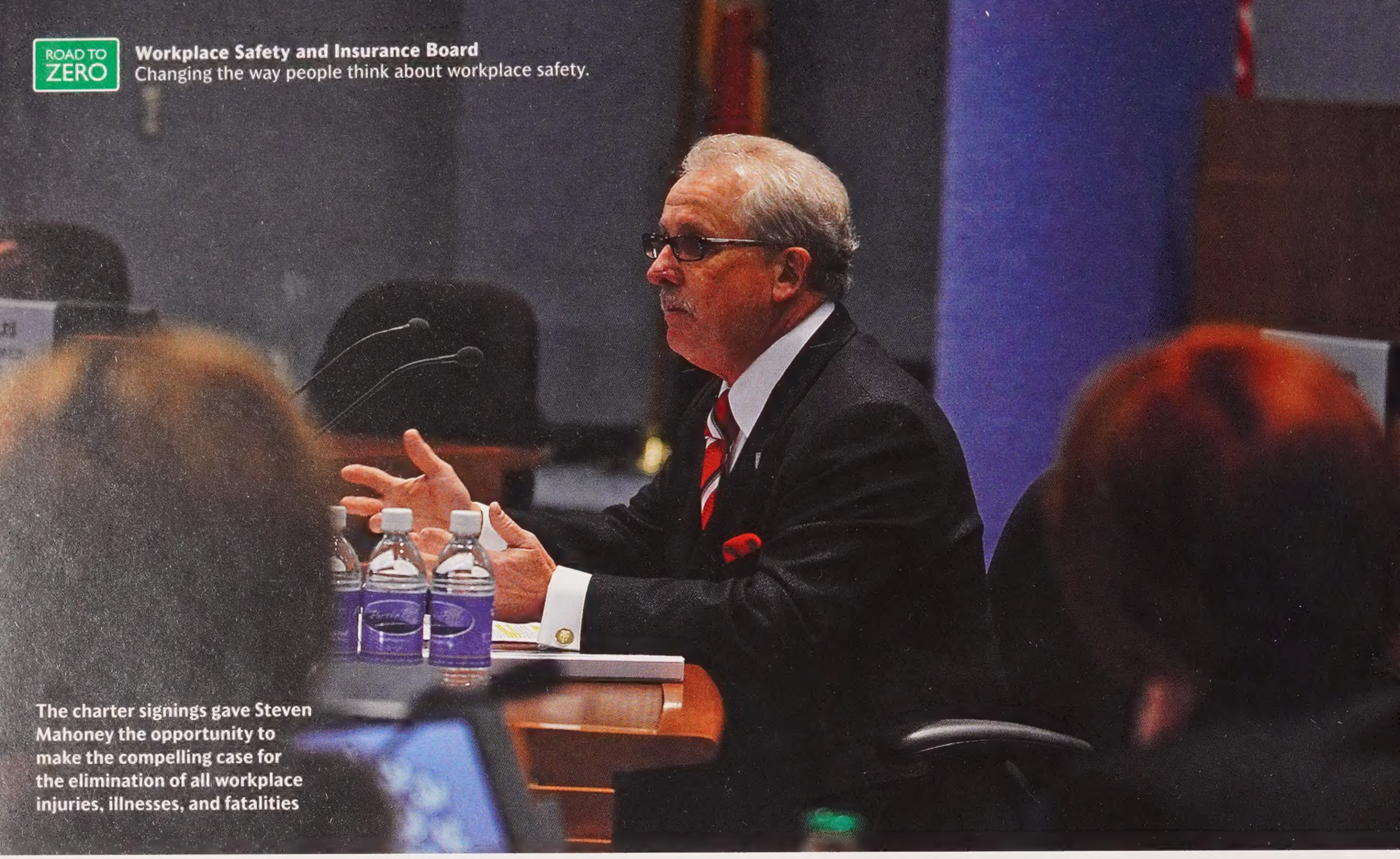
The **Audit and Finance Committee** advises on financial and other reporting practices and internal controls.

The **Health and Safety Committee** advises on workplace health and safety policies, performance objectives, and measurement criteria.

The **Human Resources and Compensation Committee** advises on the health and safety of WSIB employees and the human resources function.

The **Governance and Policy Committee** advises on governance and policy matters.

The **Investment Committee** provides counsel on investment policy, monitors investment returns, and reviews the performance of investment managers and their compliance with applicable laws and regulations, and their respective mandates.



The charter signings gave Steven Mahoney the opportunity to make the compelling case for the elimination of all workplace injuries, illnesses, and fatalities

Outreach to municipal employers

Safe workplaces mean healthy businesses, and healthy businesses mean successful communities

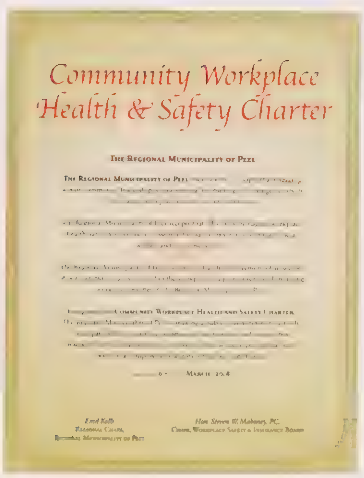
As part of the WSIB's *Road to Zero* initiative, the WSIB has adapted a winning strategy for Ontario's municipalities with the new Community Workplace Health & Safety Charter. Based on simple and effective principles, this charter affirms a municipal council's commitment to promoting workplace health and safety for its staff and for all employers doing business in their community.

Ontario municipalities paid $100 million in WSIB costs last year. By becoming leaders in health and safety, they can reduce costs significantly and re-direct those resources towards improved community services and infrastructure. Safe workplaces mean healthy businesses, and healthy businesses mean successful communities.

Since Steven Mahoney's appointment as chair of the Workplace Safety and Insurance Board in May of 2006, he has been travelling across Ontario championing the philosophy that: "There really are no accidents in Ontario's workplaces." He is passionately committed to the goal of eliminating all workplace injuries, illnesses, and fatalities in our communities.

In 2007, the WSIB and Steven Mahoney got behind the successful Community Workplace Health & Safety Charter program in a big way, with a drive to get a formal commitment to excellence in workplace health and safety from all Ontario's municipal employers.

By joining Steven Mahoney (left) in signing the Community Workplace Health and Safety Charter, municipal employers like Emil Kolb (right), chair of the Region of Peel, accept that effectively managing workplace health, safety, and wellness is essential for communities' continued social welfare and economic success

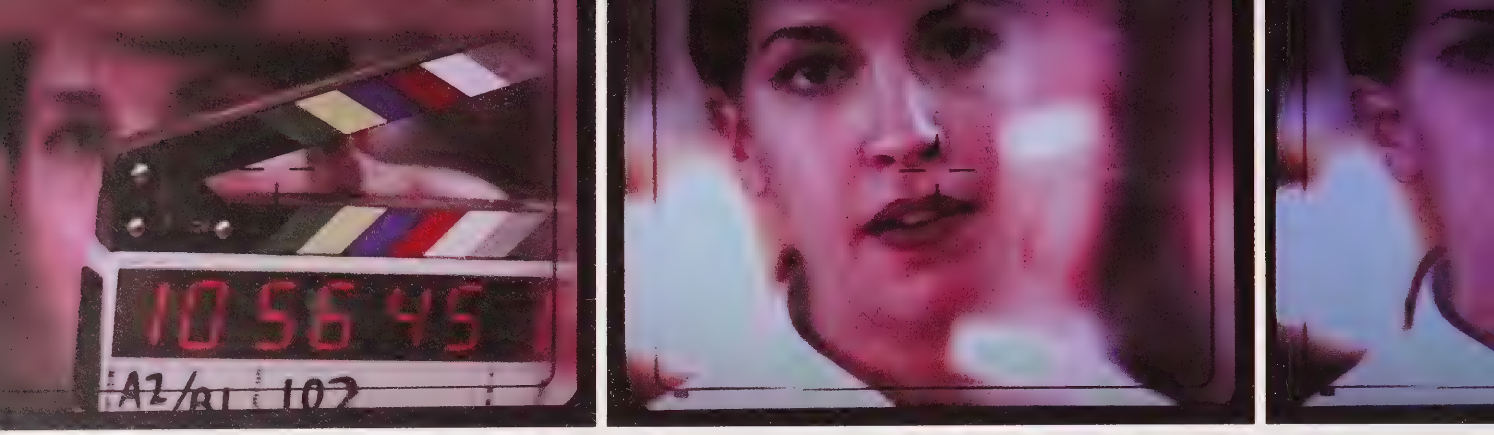


The WSIB's Community Workplace Health & Safety Charter.

Ontario's municipal employers are perfectly placed to provide leadership and be positive role models for all employers. That is why Steven Mahoney visited numerous municipal council meetings in 2007, making presentations on health and safety and obtaining the signatures of Ontario mayors on the Community Workplace Health & Safety Charter. As the drive continues in 2008, more and more municipal leaders are recognizing that fostering a community-wide culture of health and safety is essential for building a strong community and a strong local economy.

Municipalities have an important role to play in keeping their residents healthy and safe. Police and fire services, by-law enforcement, and public health initiatives are among the many ways a municipality creates a healthy, safe, and vibrant community.

The Community Workplace Health & Safety Charter is based on the CEO Health & Safety Charter initiative. Successful employers in every sector understand that protecting their workforce by adopting a workplace culture of health and safety is essential for maintaining a competitive advantage in the marketplace. Since 2005, more than 170 business leaders have signed the CEO Health & Safety Charter, making a firm commitment to improve their company's health and safety performance.



Public awareness campaign makes a big impact in 2007

"I wish to say that I support these graphic commercials. Having three daughters who are entering the workforce in the food industry, I would rather have my daughters see and learn from these commercials than experience the accidents themselves"
Lynda Carey

The images above, taken from the director's monitor during filming, show moments from the "Chef" television ad. The images below were taken during filming of the "Construction Worker" television ad

Since 1999, the WSIB has been running advertising campaigns to bring workplace health and safety to greater prominence as a community issue in Ontario. The WSIB's "There really are no accidents" public awareness campaign, which was launched in 2006 and continued through 2007, has made a strong impression on Ontarians. A survey completed in early 2008 found that a remarkable 87 per cent of employers and 85 per cent of workers in Ontario recalled hearing or seeing at least one WSIB ad in the previous six weeks.

In 2007, the campaign included two striking television ads that graphically presented serious workplace injuries, and noted workers' and employers' shared responsibility to eliminate injuries, illnesses, and deaths from workplaces. The campaign also included radio ads, print ads, outdoor ads, Internet ads, and viral ads, and introduced a customized website – www.prevent-it.ca.

The ads received unprecedented levels of media attention and public response from around the world. They were the subject of editorials and numerous letters to the editor, all of which helped to raise the profile of workplace health and safety as a community issue in Ontario. The renewed "core" WSIB campaign, which launched in November 2007, gained more than two million views on YouTube and various other online venues.

As a result of the campaign, the WSIB has come to be seen as a leader by many in the international social marketing community – with many notable awards and hundreds of requests to use the WSIB ads from companies and organizations across the world.

In 2007, several online reviews listed the WSIB campaign among the top public-service ads, and major creative awards were received from *Marketing Magazine*, *Applied Arts*, "The Bessies," and several other well-respected global competitions – a response that is almost unprecedented for a Canadian campaign such as this one.

As well as the core advertising campaign, the WSIB ran an innovative Young Worker Awareness campaign in 2007. This campaign brought the workplace health and safety message to young workers where they live – on the Internet, on public transit, and in movie theatres. The ad campaign targeted workers aged 15 to 19, and took a "kids talking to kids" approach – using animation and humour to deliver a serious message about staying safe at work.

The WSIB plans to build on the success of its 2007 campaigns with equally striking new campaigns in 2008.

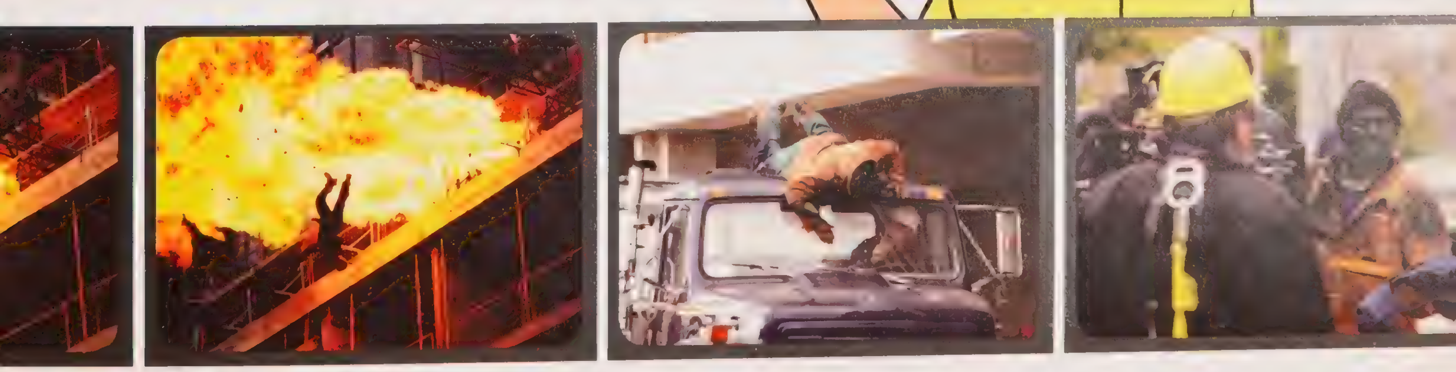
"I was appalled [by your] commercial, it was beyond shocking. The commercial hit me at my core and I was left speechless. Although this commercial is over the top, it is needed so we can educate people [about] what can really happen in a workplace . . . We lost a family member a short time ago. He was killed at work and we know that, had more education on workplace safety been implemented, his death could have been prevented . . . I urge you to continue with these ads. For my family it's too late, but I know that you will save lives"

Jennifer Pilon

"... I am an 18-year-old girl who lives in Barrie, Ontario. I just had to log on to the prevent-it website after seeing the ad with the chef who slips and gets doused in grease. That ad was not only shocking, but really hits home. [The ads] are a necessary part of our regular broadcasting, and they get the point across: Be safe know your stuff, and it CAN happen to you. Thanks for making such an impact. Keep up the good work!"

Kadie Ann Klein

The 2007 Young Worker Awareness campaign used humour and comic book-style animation to deliver a serious message about staying safe at work



The power-line maintainers' rubber glove study, which took place both in the field and in the laboratory over a period of two years, was established to determine if loading, comfort, and dexterity were affected by glove class, glove size, protective cover, and glove manufacturer.

Research

Research grants program:
Solutions for workplace change

The WSIB's research grants program, Solutions for Workplace Change, funds research to bring practical benefits to the workplaces of Ontario. Each year, the WSIB's Research Advisory Council (RAC) calls for research proposals and makes recommendations for funding to the WSIB's Board of Directors.

In 2007, the WSIB funded 22 new projects, for a total funded amount of $2.9 million. These projects include a study of immigrant workers' experiences after a workplace injury; an investigation of the prevention and treatment of acute psychological trauma among public-transit employees; and a study of the development of rapid techniques for the identification of asbestos fibres in floor tiles.

WSIB-funded researchers completed their work on 20 projects in 2007. These completed projects included a study of line-of-sight issues with load-haul dump vehicles in the mining industry; an analysis of ergonomic innovations in the construction industry; and a report on the hidden costs of precarious employment.

Research to benefit Ontario's electrical workers

Also in 2007, the Electrical and Utilities Safety Association (E&USA), in partnership with the University of Waterloo's Centre for Research Expertise for the Prevention of Musculoskeletal Disorders (CRE-MSD)*, released the results of its research study on rubber gloves used by power-line maintainers.

For power-line maintenance workers, insulated rubber gloves are a fundamental piece of personal protective equipment. They provide protection for workers against electrical hazards when they work near live power lines.

But gloves can also interfere with touch and object manipulation, and they can create resistance when opening and closing the hands. The extra effort used when gloves are being worn increases the risk of overloading muscles, tendons, and ligaments, and this could lead to the development of musculoskeletal disorders over time.

*The CRE-MSD is one of three Centres of Research Expertise that receive funding from the WSIB. The others are the Centre of Research Expertise in Improved Disability Outcomes (CREIDO) and the Centre of Research Expertise in Occupational Diseases (CRE-OD)

The WSIB-funded study found an increased risk of musculoskeletal injury [illegible] of glove increased. The study made six key recommendations that will be [illegible] by E&USA through avenues such as training sessions in the coming years.

The recommendations will help people in the industry to determine which gloves to use in particular situations, and how they should be purchased and [illegible] workers' needs. E&USA has developed a guideline to assist organizations [illegible] the results of this research and address MSD hazards that result from [illegible] rubber gloves.

Institute for Work & Health

The Institute for Work & Health (IWH) is an internationally recognized research organization that has operated with the WSIB's financial support since 1990. In 2007, [illegible] panel of international experts reviewed the quality and relevance of the institute's work over the previous five years. The review panel praised the institute's research quality and productivity, and specifically acknowledged its strong relations with a broad range of stakeholders in Ontario. The review panel found the institute's research programs to be highly relevant to the challenge of protecting employees from work-related musculoskeletal disorders (MSDs) and to improving return-to-work practices in Ontario workplaces.

During 2007, the institute collaborated with many Ontario prevention system partners to develop resource materials supporting workplace adoption of the Ontario MSD Prevention Guideline. The institute also inaugurated research on the health risks experienced by immigrant workers. In partnership with the WSIB, institute staff researched the causes of long-duration disability episodes and initiated knowledge-transfer [illegible] improved case management services for disabled workers.

Dr. Benjamin Amick, an internationally renowned researcher, joined IWH as Scientific Director in 2007. Under his leadership, the Institute has further aligned its research to support the WSIB's strategic priorities.

The management's discussion and analysis provides management's perspective on key issues that impact the current and future financial condition and operating results of the WSIB for the year ended December 31, 2007

Management's discussion and analysis

Statement of management's responsibility

Management's discussion and analysis (MD&A) provides management's perspective on key issues that impact the current and future financial condition and operating results of the WSIB for the year ended December 31, 2007. This discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes, which are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The WSIB also uses certain non-GAAP measures to track its performance, some of which will be discussed in this report. Information presented in this document is as of December 31, 2007, unless otherwise indicated. When information as of December 31, 2007, is not available, information for the latest period before December 31, 2007, is used.

The information in the MD&A necessarily includes amounts based on informed judgements and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates, and projections regarding future events based on the information currently available, involving assumptions, inherent risks, and uncertainties. Readers are cautioned that actual results in the future may differ materially from the present assessment of this information because future events and circumstances may not occur as expected.

Role of the Board of Directors

The Board of Directors acts in a financially responsible and accountable manner in exercising its powers and performing its duties. The Board of Directors' responsibilities in relation to the reporting of financial statements are to ensure that the financial information reported by management in the annual report and elsewhere reasonably reflects the financial condition, results of operations, plans, and long-term commitments of the WSIB, as well as appropriate risk-mitigation strategies, effective functioning of the internal audit system, and effective conduct of the external audits. The board is also responsible for providing the Ontario Minister of Labour with the following documents annually: current strategic plan, annual budget and business plan, annual statement of investment policies and procedures, annual report, and annual value-for-money audit.

Role of Audit and Finance Committee

The role of the Audit and Finance Committee is to provide assistance to the Board of Directors in carrying out its oversight responsibilities related to the WSIB's financial and other reporting practices, systems of internal control and risk management, performance, independence and qualifications of internal and external auditors, and compliance with policies related to financial reporting obligations that may apply to the WSIB.

About the WSIB

The WSIB promotes workplace health and safety and provides a workplace insurance system for Ontario employers and workers. Its vision is the elimination of all workplace fatalities, injuries, and illnesses. The WSIB is a statutory corporation responsible for administering the *Workplace Safety and Insurance Act.*

Fundamental to the system is an historic compromise in which workers gave up the right to sue for their work-related injuries, irrespective of fault, in return for guaranteed compensation for allowed claims. Employers, for their part, receive protection from lawsuits in exchange for financing the program through premiums. This system of collective liability provides fair compensation for injured workers and their families, while spreading individual costs among employers. As in other insurance schemes, high-risk industries with more

claims costs pay higher premium rates. The WSIB is funded entirely by employer premiums and does not receive funding from the Government of Ontario.

The WSIB maintains an Insurance Fund to cover future obligations in relation to existing claims. The return on investment of the Insurance Fund is an integral part of the overall funding of WSIB benefits. Premiums collected by the WSIB are not only used to fund injured-worker benefits but also to cover full operating costs of Health and Safety Associations, the Workers Health and Safety Centre, and the Occupational Health Clinics for Ontario Workers. The WSIB is also required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*, as well as to provide funding for the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Advisers, and the Fair Practices Commission.

The WSIB also oversees Ontario's system of workplace safety education and training.

Highlights of financial performance

2007 financial results

In 2007, the WSIB recorded an excess of expenses over revenue of $1,130 million, compared to an excess of expenses over revenue of $142 million for the year ended December 31, 2006. This increase of $988 million is primarily due to the financial impact of legislated changes to benefits (approximately $750 million in 2007) and a decrease in investment revenue of $486 million.

The legislated changes included Bill 187, which became effective on July 1, 2007, and increased benefits for approximately 155,000 workers by 2.5 per cent on July 1, 2007, January 1, 2008, and January 1, 2009. Bill 221, also introduced in 2007, is retroactive to diagnoses made on or after January 1, 1960, and amends legislation dealing with injuries and various cancers relating to firefighting.

In 2007 the WSIB incurred an other comprehensive loss of $967 million, compared to other comprehensive income of $655 million in 2006, an unfavourable change of $1,622 million. This reflects the negative investment return in 2007 (of minus 0.7 per cent) after a very strong performance of 16.2 per cent in 2006. As a result, the total comprehensive loss for the year was $2,097 million, compared to total comprehensive income of $513 million in 2006. The unfavourable change of $2,610 million reflects the negative investment return for 2007, together with the impact of legislated changes.

As a result, the unfunded liability increased to $8,094 million at the end of 2007, which is $2,097 million higher than the level of $5,997 in 2006. The increase is primarily due to the impact of legislative changes to benefits – approximately $750 million recognized in 2007 – and the negative investment return. WSIB's goal continues to be the elimination of the unfunded liability. The WSIB's funding ratio has decreased by 6.8 percentage points, to 66.4 per cent on December 31, 2007, from 73.2 per cent as of December 31, 2006.

Total premium revenue was $3,523 million in 2007, compared to $3,385 million in 2006. The increase of $138 million or 4.1 per cent is mainly attributed to the growth in insurable earnings, as the average premium rate remained unchanged from the prior year. Net experience rating refunds increased to $118 million in 2007, from $114 million in 2006, reflecting modifications in the program.

Investment revenue decreased by $486 million in 2007 to $812 million, compared to $1,298 million in 2006, due to much lower appreciation in global investment markets. In addition, the Canadian dollar strengthened significantly against a basket of world curren-

cies during 2007, which translated positive foreign equity returns into negative retu[illegible] when expressed in Canadian dollars. A combination of the lower investment [illegible] and the decrease in unrealized investment gains were significant factors driving [illegible] comprehensive loss of $2,097 million. After a very strong performance of 16.2 per [illegible] 2006, the 2007 returns ended the year slightly negative, at minus 0.7 per cent, b[illegible] the expected range of variability. As of December 2007, 15-year returns for the Insuranc[illegible] Fund remain at 9.1 per cent, above the 7 per cent long-term return target.

Total expenses were $5,467 million in 2007, compared to $4,828 million in 2006. This increase of $639 million is attributed mainly to the increase in benefit costs of $601 million.

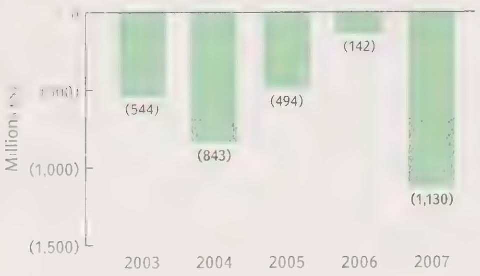
Benefit costs were $4,936 million in 2007, an increase of $601 million or 13.9 per cent, compared to $4,335 million in 2006; $750 million is attributed to legislative changes that improved benefits for injured workers. This, as well as net growth in Loss of Earnings claims inventory, was partially offset by a lower increase due to changes in actuarial assumptions and methods of $414 million.

Administrative and other expenses before the adjustment for claim administration costs were $537 million, an increase of $15 million or 2.9 per cent, compared to $522 million in 2006. This was primarily due to an increase in salaries and fringe benefits of $11 million or 3.8 per cent to $299 million in 2007, from $288 million in 2006, mainly [illegible] uted to increases under the collective agreement. Other increases in equipment [illegible] maintenance, communications, and systems development were partly offset by [illegible] from strategic sourcing and lower amortization expenses.

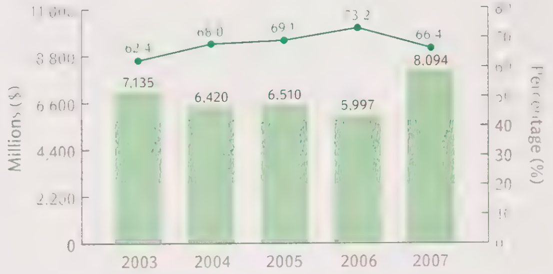
In 2004, the WSIB began a three-year plan to hold overall administrative expenses [illegible] its control to the same funding levels allocated in 2004 without compromising serv[illegible] delivery. Overall, for the three-year period, this goal was achieved.

2007 financial performance and condition at a glance

Excess of expenses over revenue

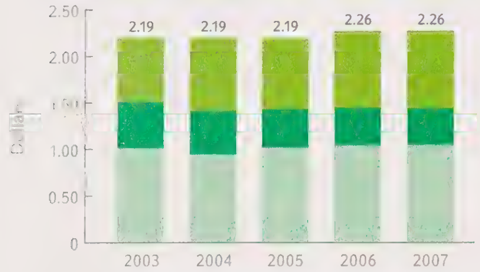


Unfunded liability[1]

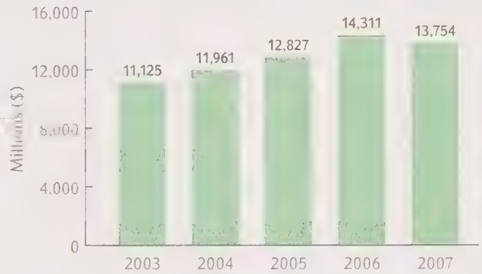


[1] Unfunded liability includes accumulated other comprehensive income, effective 2004

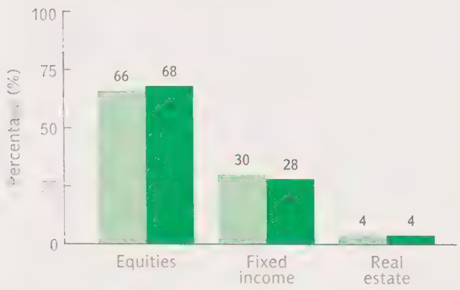
Average premium rate



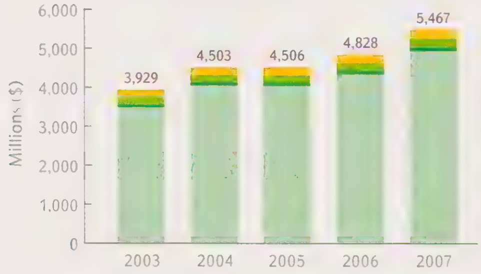
Carrying value of investments



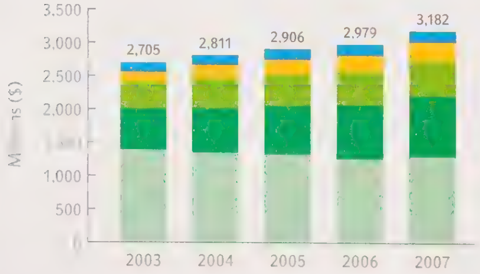
Actual asset mix of investments



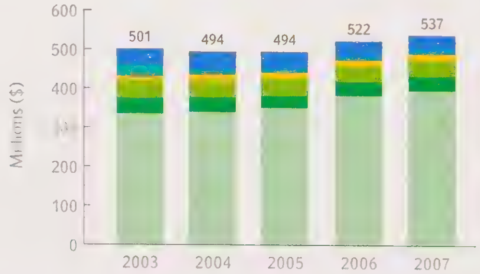
Total expenses



Total benefit costs paid
(before claim administration costs)



Administrative and other expenses



2007 financial performance review

Operating results

The WSIB's financial results are influenced by changes in the Ontario economy, legislation, frequency and severity of claims, as well as the condition of the world financial markets. In 2007, the WSIB's results were impacted by a significant increase in benefit costs, primarily attributed to legislated changes to improve injured workers' benefits, which accounted for a majority of the increase in expenses. At the same time, financial markets negatively affected investment returns, and this was compounded by the appreciation of the Canadian dollar, which also impacted some Schedule 1 employers. The premium revenue increase for the year was moderate.

Excess of expenses over revenue

In 2007, the WSIB incurred an excess of expenses over revenue of $1,130 million, higher than the 2006 excess of expenses over revenue of $142 million. This shortfall of $988 million is attributed to the impact of legislated change to benefits (approximately $750 million recognized in 2007) and lower investment revenue of $486 million. This was partially offset by a lower increase in benefit liability in 2007 due to changes in actuarial assumptions and methods in 2006.

Unfunded liability

The unfunded liability has increased to $8,094 million at the end of 2007, compared to $5,997 million in 2006, a difference of $2,097 million. The increase is primarily attributed to lower investment returns and the impact of legislative changes. The lower investment returns due to lower global investment market performance and appreciation of the Canadian dollar also reduced unrealized investment gains in 2007 by $967 million, compared to an increase in 2006 of $655 million. This unfavourable change of $1,622 million is recorded in other comprehensive income. (See discussion of investment revenue below and notes to the Consolidated Financial Statements.) As a result, the WSIB's funding ratio decreased to 66.4 per cent in 2007 compared to 73.2 per cent in 2006. Despite this unfavourable result, the WSIB believes that elimination of the unfunded liability by 2014 is still possible, provided improved outcomes consistent with the targets in the WSIB's Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero,* can be achieved. This is further discussed in the Corporate Strategy section on page 30.

Revenue

Premium revenue

Premiums are charged to employers to cover the total cost of the current year's claims which includes future administrative costs and overhead expenses. Schedule 1 employers have a contribution built into their premium rate for paying down the unfunded liability. In 2007, total premium revenue was $3,523 million, compared to $3,385 in 2006. The average premium rate remained at $2.26 per $100 of insurable payroll for the second year in the row, and will remain at that level for 2008. Insurable payroll for 2007 was $146,393 million, compared to $140,912 in 2006, an increase of $5,481 million or 3.9 per cent. Growth in premium revenue is attributed to a corresponding growth in insurable earnings. The most significant sectors in terms of revenue were construction, service, and manufacturing. The service and manufacturing sectors together accounted for 49.8 per cent of insurable earnings and 36.4 per cent of total premium revenue in 2007, while the construction sector alone accounted for 8.4 per cent of total insurable earnings and 22.1 per cent of premium revenue in 2007.

Certain sectors continue to face challenges due to a high Canadian dollar, high energy costs, and increased foreign competition. These sectors include automotive, construction, manufacturing, food, forestry, and pulp and paper. Premium revenue was also negatively impacted by higher net experience rating refunds, which increased by $4 million in 2007 compared to 2006, due to increased refunds under the WSIB's Safety Group Incentive

program, reflecting program modifications and removal of limits, offset by the changes to the NEER and CAD-7 programs, which align incentives more closely with the actual performance.

The WSIB has several initiatives under way to improve premium revenue inflow. These are discussed under the Factors That May Affect Future Results on page 31.

Revenue from Schedule 2 employers was $337 million, compared to $317 million in 2006, due to higher reimbursements of benefit costs from Schedule 2 employers as a result of high claims persistency.

Premium revenue for the years ended December 31:

($ millions)	2007	2006	Increase/(decrease)	
Schedule 1 (collective liability)				
Premiums assessed	$2,242	$2,158	$84	3.9%
Experience rating net refunds	(118)	(114)	(4)	(3.5)
Interest and penalties, less bad debts	38	24	14	58.3
Schedule 1 current premiums	**2,162**	**2,068**	**94**	**4.5**
Schedule 2 (self-insured) reimbursements	337	317	20	6.3
Premiums for the year	**2,499**	**2,385**	**114**	**4.8**
Premiums for unfunded liability	1,024	1,000	24	2.4
Total premium revenue	**$3,523**	**$3,385**	**$138**	**4.1%**

Investment revenue

The WSIB's investments are held in an Insurance Fund to meet future benefit payments to injured workers. They are diversified among three primary asset classes: Public fixed-income securities, public equities, and private real estate. The Insurance Fund carrying value at December 31, 2007 was $13,754 million after transfers totalling $400 million to fund injured worker's benefit payments. This is a decrease of $557 million from the carrying value at the end of 2006.

Investment revenue in 2007 was $812 million, down $486 million or 37.4 per cent from the 2006 level of $1,298. Insurance Fund total returns for the year ended December 31, 2007, are shown in the table below.

Insurance Fund total returns (in Canadian dollars):
as of December 31, 2007

1 year	4 years	10 years	15 years
(0.7)%	8.5%	6.9%	9.1%

The WSIB's investment strategy has a long-term time horizon. After a very strong return of 16.2 per cent in 2006, the 2007 return was slightly negative, but within the expected range of variability. As of December 2007, 15-year returns for the Insurance Fund remained at or above the 7 per cent long-term return target.

Global equity markets closed on a down note in 2007, with major indices falling in the fourth quarter. Financial markets continued to be hampered by lingering concerns about a global credit crunch, triggered by defaults in the U.S. subprime mortgage market, which

might dampen economic and earnings growth. Major central banks made a concerted effort to ease the credit conditions by adopting a more accommodative monetary policy as U.S., U.K., and Canadian central banks lowered interest rates, while the Bank of Japan and European Central Bank kept their rates steady. During 2007, the Canadian dollar strengthened significantly against the basket of world developed-market currencies, which translated positive foreign equity returns into negative returns (negative 0.7 per cent for the year) when expressed in Canadian dollars. Although changes in currency values can be significant over shorter time periods, these impacts are expected to dissipate over the long-term time horizon on which the WSIB's investment strategy is based.

Domestic equity returns were higher than global equities during 2007 as the Canadian stock market was more concentrated in the stronger-performing materials sectors, including potash, aluminum, and gold stocks. However, this concentration led to more volatile annual investment returns.

As expected, domestic bonds delivered modest returns, which mostly arose in the fourth quarter of 2007 because yields declined as investors sought a safer haven from the economic uncertainty, particularly in longer-term government bonds. The WSIB investment strategy did not include holdings of asset-backed commercial paper, which has been subject to a lack of liquidity since mid-2007, so-called "frozen" ABCP, U.S. subprime mortgages, or related credit derivatives.

Domestic real estate was the best-performing asset category in 2007, for the first time since 2002. Property markets were robust but remain subject to the risks associated with economic weakness.

Current and new investment strategies continue to be evaluated to ensure that so [illegible] investment revenue are broad and diversified, and to that end an active curren [illegible] was implemented in 2007. The strategy employs a team of specialized external inves [illegible] organizations that seek to generate returns from global currency markets.

Expenses

The WSIB's total expenses comprise benefit costs, amounts set aside for the Loss of Retirement Income Fund, administrative and other expenses, and legislated obligations and commitments. In 2007, the total expenses were $5,467 million, an increase of $639 million from $4,828 million in 2006. This is attributed mainly to the increase ($601 million) in benefit costs.

Benefit costs

Benefit costs consist of two components: Benefit costs paid, which represent the amount paid to injured and ill workers during the year; and the change in benefit liabilities, which is the adjustment to the actuarially determined estimates for future claim costs for current and prior years' claims. In accordance with the *Workplace Safety and Insurance Act*, the WSIB provides benefits for Loss of Earnings, non-economic loss benefits for permanent impairment, payments for health-care expenses, assistance to facilitate return to work, and survivor benefits in case of work-related fatalities. The benefit costs were $4,936 million in 2007, compared to $4,335 million in 2006. Legislated changes and higher claims persistency have increased the benefit costs. There is a continuing decline in rates for lost-time injuries, but the average cost of a claim has increased.

Benefit costs paid

In 2007, Loss of Earnings (LOE) benefit costs paid were $906 million, versus $807 million in 2006, an increase of 12.3 per cent. Factors contributing to the increase in LOE costs paid

include an additional year of new LOE claims, indexation and more claims receiving full indexation, and an increase in duration of claims.

Labour market re-entry (LMR) costs paid increased by $35 million, or 14.1 per cent, reaching $283 million in 2007, compared to $248 million in 2006. The increased LMR costs paid were due to higher income support related to increased duration and an increase in external rehabilitation costs for education, training, and travel.

Increases in LOE and LMR accounted for the majority of the increase in benefit costs paid, but health-care benefit costs paid also increased by $33 million, or 6.7 per cent, reaching $527 million in 2007, versus $494 million in 2006.

An increase in health-care claim volume resulted in increases in specialty clinic, hearing loss program, drug benefits, hospital in-patient, and personal-care allowance costs. Increases in costs per service also contributed to the overall increase in health-care costs paid. Drug costs also increased in 2007, but the rate of growth decreased due to a further shift from brand-name to generic drugs.

Short- and long-term disability payments increased by $35 million to $1,297 million. This increase was mainly due to an increase in the non-economic loss ratings and lower recoveries from legal settlements, including those from asbestos class-action law suits.

Change in benefit liabilities

The WSIB's benefit liabilities are actuarially determined provisions for future benefit costs related to claims that occurred on or before December 31, 2007. As of December 31, 2007, the benefit liabilities were $21,760 million, a $1,460-million increase from the December 31, 2006, value of $20,300 million.

Legislative changes accounted for $750 million of the increase. Bill 187 increased indexing for partially indexed benefits, and provides for claims after lock-in to be reassessed. Bill 221 improves coverage for firefighters with occupational cancers and work-related heart attacks.

In addition, benefit liabilities increased because the growth of new claims outpaced the natural reduction of benefit liabilities and closures of older claims. Changes in claim inventories and additional provisions, which accounted for $624 million of the increase in the benefit liabilities, include the following items:

- $702-million increase due to net growth in LOE claims inventory
- $123-million increase in health-care liabilities due to increased awards and utilization, offset by a release of $67 million in the provision for personal care allowance (PCA). In the 2006 year-end valuation, a provision of $93 million ($68 million for arrears and $25 million for future payments) was held for PCA. For 2007, on the basis of payments already made and expected future payments, the PCA provision was reduced to $26 million ($10 million for arrears and $16 million for future payments).
- $100-million provision due to anticipated reductions in personal income tax rates for 2007 and 2008, and increasing injured-worker net average earnings
- $45-million increase due to net growth in survivor benefit claims inventory
- $26-million increase due to net growth in the future claims administration cost liabilities
- $266-million decrease due to natural reductions and closures of worker pensions and supplemental payments to injured workers covered under pre-1990 legislation

- $106-million decrease due to natural reductions and closures of future economic loss benefits, their supplemental payments, temporary compensation benefits, and rehabilitation benefits

The overall increase in benefit liabilities of $1,460 million is $410 million greater than the 2006 increase of $1,050 million. This is primarily due to the following:

- $750-million increase due to Bill 187 ($720 million) and Bill 221 ($30 million)
- $230-million increase in the net growth of claims inventories, with LOE responsible for $186 million of this amount and the remaining $44 million attributable to other benefit types
- $4-million increase in the provision for changes to personal income tax rates

These increases were offset by:

- $414-million decrease due to the changes in actuarial assumptions and methods for LOE claims, which included an $86-million increase in 2007 due to a reduction of 2 per cent in the LOE benefits termination rates at all durations, recognizing that claims are persisting longer than previously assumed. In 2006, changes made to actuarial assumptions and methods accounted for $500-million increase in benefit liabilities.
- $160-million reduction in the provision for personal-care allowance benefit payments, which comprises a $93-million increase in 2006 and a $67-million release in 2007

Administrative and other expenses

In 2007, administrative and other expenses were $537 million, compared to $522 million for the same period in 2006, an increase of $15 million or 2.9 per cent. They are made up of the cost of adjudicating and administering claims and other administrative expen[illegible] Other administrative expenses include the cost of prevention, financial services, huma[illegible] resources, and special projects. Claims administration costs are included in benefit [illegible] the Consolidated Statement of Operations. Other administrative expenses are repo[illegible] separately in the Consolidated Statement of Operations. (See note 10 to the Co[illegible] Financial Statements.)

In 2004, the WSIB began a three-year plan to hold overall administrative expenses within its control to the same funding allocated in 2004, without compromising on service delivery. Overall, for the three-year period of 2005 – 2007, the WSIB managed to maintain the controllable administrative costs below the 2004 level, outperforming the 2004 funding target by $36 million over the three years. The WSIB achieved this goal while operating in an environment of escalating cost pressures, growth in business volumes, and continued investments in initiatives to support its Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero*. This has been accomplished via numerous initiatives to identify and implement improvement programs and practices across the organization – maximizing efficiency and enhancing cost-effectiveness in the delivery of better outcomes.

Total administrative and other expenses, before reclassification of claim administration costs to benefit costs, increased by $15 million, or 2.9 per cent, compared to the same period in 2006. Cost increases were due to the following factors:

- Salaries and fringe benefit expenses increased by $11 million, or 3.8 per cent, over 2006. This increase is attributed mainly to increases under collective agreement provisions and, to a lesser extent, to some increases in staff through proactive recruitment practices to address front-line vacancies.

- Communication expenses increased by $2 million, or 13.3 per cent, over 2006. The increase resulted from the WSIB enhancing and expanding its social marketing initiatives. These initiatives are part of the WSIB's ongoing effort to create a habit of safety by driving a transformation in health and safety values and behaviours throughout society.
- Staff benefits expenses increased by $2 million, or 2.1 per cent, over 2006. The increase is attributed to the continuing decline in the discount rate used to calculate expenses for the year.

  The discount rate decreased from 6.25 per cent in 2004 to 5.4 per cent in 2006 and 5.15 per cent in 2007. This uncontrollable decrease in the discount rate is the main factor driving an increase in staff benefits expenses of $35 million since 2004.
- New systems development and integration expenses increased by $1 million, or 14.3 per cent, over 2006. Project expenses increased in 2007 from initial work to replace the Image Plus system, service delivery model roles review, the Voluntary Registration program, and initiatives to enhance timely and responsive Occupational Disease services and processes.
- Equipment and maintenance expenses increased by $1 million, or 2.8 per cent, compared to 2006, due to higher software licence fees and leasing expenses for digital postage meters and photocopiers.

The increases in administrative and other costs were partially offset by:

- Supplies and services expenses decrease of $1 million from strategic sourcing savings for printing services; and
- Amortization expenses decrease of $1 million from a lower asset base in 2007, as systems development costs from earlier years were depreciated. Current system project costs are planned to be amortized after 2007.

For 2008, the WSIB will continue to strive for business excellence by making sound decisions to improve its effectiveness and efficiency, and to strengthen its financial stewardship for the future.

Legislated obligations and commitments

The WSIB is required by legislation to fund the administration of various related organizations, such as the Health and Safety Associations, the Office of the Worker Adviser, the Office of the Employer Adviser, the Workplace Safety and Insurance Appeals Tribunal, and programs under the *Occupational Health and Safety Act*. Total legislative obligations and commitments increased by $10 million in 2007 to $218 million, which is attributed to the increase in funding for administration of the *Occupational Health and Safety Act*.

Legislated changes to benefits

Bill 187 was one of the significant legislative changes introduced in 2007, intended to protect workers' benefits against inflation. Bill 187 amendments to the *Workplace Safety and Insurance Act* became law on May 17, 2007, and were effective July 1, 2007. The key changes under Bill 187 were modifications to the indexation rate used for partially indexed benefits (2.5 per cent for each of July 1, 2007, January 1, 2008, and January 1, 2009), additional reviews after the lock-in of LOE and future economic loss (FEL) benefits, an increase in the loss of retirement income (LRI) threshold, and the introduction of the concepts of "determining" and "availability" in approximating post-injury earnings.

Also in 2007, Bill 221 was passed to ensure firefighters are compensated for occupational cancers and work-related heart attacks, retroactive to 1960, requiring the creation of a

special team to expedite new claims. Bill 221 became law on May 4, 2007. It amend[illegible] *Workplace Safety and Insurance Act* to identify specific occupational diseases or heart [illegible] ries affecting firefighters that, depending on the years of service, would be presumed [illegible] work-related.

At the year-end, the financial impact of legislated changes was $750 million. These [illegible] tive changes increased the WSIB's unfunded liability levels because they impact th[illegible] benefit liabilities.

Accounting matters and disclosure

The WSIB's significant accounting policies are described [illegible] dated Financial Statements.

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the year. The following sections contain areas of uncertainty or significant impact on the WSIB's reporting disclosures.

Benefit liabilities and benefit costs

Benefit liabilities and benefit costs form a significant part of the [illegible] ing every other area of performance. They are calculated using an actuarial present val[illegible] which uses estimates of both reported and unreported claims. The actuarial presen[illegible] of future benefit payments depends on actuarial assumptions that are based [illegible] experience, modified for current trends, and may change materially in the f[illegible] experience. See note 8 to the Consolidated Financial Statements for [illegible] efit liabilities and benefit costs.

Pension and other employee future benefit plans

The accrued pension obligations of the plans reflect [illegible] escalation, investment rate of return, mortality of members, terminatio[illegible] which members will retire. For a description and other important inform[illegible] and other employee future benefits, see note 7 to the Consolidated Fin[illegible]

Other-than-temporary impairments

Securities classified as available-for-sale are adjusted annually to thei[illegible] unrealized gains/losses going to other comprehensive income. These [illegible] ated for impairment based on the level of decline in value and persistency ju[illegible] sufficient to be considered other than temporary. Level and persistency [illegible] based on historical experience. Other-than-temporary impairment results i[illegible] the recorded impairment from accumulated other comprehensive income and the [illegible] down of the impaired asset, affecting net income. See note 2 to the Consolidated Fi[illegible] Statements for more details.

Future changes in accounting policies

The WSIB has adopted, or is planning to adopt in the near future, several significa[illegible] changes to accounting policies. The following section outlines two significant areas [illegible] result in future changes to our financial reporting, as mandated by the Canadian Institu[illegible] of Chartered Accountants (CICA).

Disclosures on financial instruments

In 2007, the WSIB implemented Section 3861: "Financial Instruments – Disclosure and P[illegible] sentation" of the *CICA Handbook*. Effective January 1, 2008, Section 3861 will be replace[illegible] by the new Section 3862: "Financial Instruments – Disclosures" and Section 3863: "Finan[illegible] Instruments – Presentation." The new sections are intended to provide additional informa[illegible] tion to allow users to assess the significance of financial instruments for the entity's finan[illegible] position and performance. Additional disclosure on the nature and extent of risks a[illegible] from financial statements will be required, as well as mitigation strategies for those risks

International financial reporting standards (IFRS)

The CICA has decided to merge Canadian generally accepted accounting principles with the international financial reporting standards (IFRS) governed by the International Accounting Standards Board (IASB). This will require the WSIB's 2011 statements and 2010 comparative figures to be in accordance with IFRS. Global experience with IFRS conversion has shown that it is a complex task, and some of the new information will require significant lead time. The CICA is gradually adopting new standards conforming with IFRS. There are several areas in which there are pervasive differences between Canadian GAAP and IFRS. These include consolidation, revenue recognition, financial instruments, property equipment and other assets, leases, intangible assets, impairment of long-lived assets, pension accounting, and benefit liabilities. The WSIB has planned a multiple-stage transition process between 2007 and 2011, with significant progress expected in 2008. More details on the transition plan will be included in the WSIB's 2008 annual report.

Enterprise risk management

Risk is present in all aspects of the operation of a large organization such as the WSIB, making risk management a priority. Risk management is not only essential for success but also required as part of good governance and fulfilling the WSIB's responsibilities to stakeholders through a diligent execution of its mandate. The WSIB defines a "risk" as an event or condition that prevents the organization from achieving its strategic and key business objectives. The WSIB's risk-management approach is integrated, future-focused, and process-oriented in order to assist the WSIB in managing all key business risks and opportunities, with the intent of maximizing value for the enterprise as a whole.

In recognition of the WSIB's fiduciary responsibility to all stakeholders, the agency has implemented an integrated enterprise risk management framework, including policies and procedures that formally identify, assess, manage, and report on risks. Enterprise risk management is a structured and disciplined approach – aligning strategy, processes, people, technology, and knowledge with the purpose of evaluating and managing uncertainties that the enterprise faces as it creates value. The objective is to limit exposure to undue risk. Risk-management plans are embedded into the WSIB's strategic and business unit plans.

Accountability for identifying and managing specific risks is assigned to business units. Summaries of emerging issues tied to the significant risks managed by each business unit are formally incorporated in the regular reports provided to WSIB senior management. Mitigating actions are reviewed on a regular basis to gauge their effectiveness.

The enterprise risk management framework provides a consistent means of identifying risks, resulting in a better ability to protect the WSIB in fulfilling its objectives, as well as providing a common business risk language, helping to overcome varying risk perceptions across the organization. The framework also contributes to building a greater degree of focus to risk considerations in decision-making.

Risk planning is fully integrated into the WSIB's annual business planning cycle. Risk planning involves discovery and assessment of risks, as well as ensuring that appropriate mitigating strategies are incorporated into the business plan to increase the probability of success. Risk is assessed at five levels: Corporate, divisional, program, project, and branch, in some cases, and is based on likelihood of occurrence, impact on the affected area, and the effectiveness of the mitigation strategy.

The risk-assessment process has the following core elements:

- Identifying each risk
- Conducting an assessment of the risks
- Developing risk-mitigating activities
- Implementing the risk-management action plan
- Constantly monitoring and reporting on risk management and mitigation activities to ensure continued economic justification and process improvement

Management has recognized that the WSIB is primarily exposed to the categories of risk outlined below:

Strategic

Strategic risk results from an inappropriate or adverse business decision or improper implementation of a decision. Strategic risk may also arise from the inability to implement appropriate business plans, strategies, and decision-making.

Reputation

Reputation risk results from adverse public opinion or media coverage regarding the WSIB, or from failure to effectively manage events that could affect the WSIB's image.

Legal and regulatory

Legal and regulatory risk arises from inadequate or incorrect knowledge of the laws and regulations governing the WSIB's business operations and contractual agreements. Legal risk can result from non-compliance with laws and regulations, from the absence of documentation supporting the WSIB's compliance with laws and regulations, or from failure to comply with the terms of contracts entered into (not limited to the WSIB).

Financial

Financial risk encompasses the probability of exposure to monetary loss, significant constraints, or financial misstatements.

Operational

Process risk: The risk resulting from the inefficient or ineffective processing, reco reporting of transactions or processes.

Technology risk: Risk associated with technology becoming ineffective, unreliable unavailable, or incapable of meeting current or future business needs or capacity, or being susceptible to unauthorized access or damage.

Human resources risk: Risk resulting from an inadequate level of capability, competence, culture, accountability, and capacity of the human resources involved in the managing and running of the business.

The WSIB's risk identification system has the rigour and flexibility to deal with constant changes in the environment in which the WSIB operates. Risk identification is an ongoing and continuous process. Enterprise-wide risks are reviewed and updated at least on an annual basis to reflect the key risks that must be managed, as are the changes in the organization's risk profile.

Corporate strategy

Vision:
The elimination of all workplace fatalities, injuries, and illnesses in Ontario.

Corporate strategy
The Road to Zero

In 2007, the WSIB released *The Road to Zero*, which outlines a renewed course of action, with accelerated progress towards the WSIB's vision of the elimination of all workplace fatalities, injuries, and illnesses in Ontario.

The Road to Zero contains a five-year strategic direction for the WSIB, and comprises four fundamentals: Health and safety, service excellence, financial sustainability, and organizational excellence. These fundamentals are described below:

Health and safety

The WSIB will demonstrate leadership in building strong and sustainable partnerships to raise awareness that workplace fatalities, injuries, and illnesses are completely unacceptable and preventable. The WSIB has set the target of 2012 to reduce the lost-time injury rate and the number of traumatic fatalities by 35 per cent from 2007 levels.

Service excellence

The WSIB will develop programs, tools, and partnerships that encourage and support workplaces and communities, fostering the development and implementation of early, safe, and sustainable return-to-work, effective health-recovery programs and services, and fair and timely insurance benefits. Success will be demonstrated by reductions in persistency rates, which are measured by looking at short-, medium-, and long-term claim duration. Between 2007 and 2012, the WSIB has set a target to reduce the number of injured workers still on benefits after three months to 13 per cent; after six months, to 8 per cent; after two years, to 4.5 per cent; after four years, to 3.6 per cent; and after six years, to 2.8 per cent.

Financial sustainability

Sound and sustainable funding requires a disciplined approach to managing risks and uncertainties that may result from financial pressures on the system. To achieve sound and sustainable funding, the WSIB completes regular reviews of its funding framework and continues to broaden and embed effective management practices to ensure sound financial stewardship and organizational effectiveness. The WSIB has undertaken to complete a regular review of the funding framework every three years, with the next review scheduled for 2008. The WSIB remains committed to eliminating the unfunded liability and achieving full funding by 2014, with significant progress to be made by 2012.

Organizational excellence

Continuous development and support of the WSIB's employees and providing the processes, tools and technology to enable delivery of services and achievement of outcomes, will accelerate Ontario's progress on *The Road to Zero*. By 2012, the WSIB expects reduction of its internal lost-time injury rate to 0.23 injuries for every 100 employees, reaching zero in 2014.

Factors that may affect future results

Some key financial factors and risks may affect the WSIB's future results. One of the significant risk factors is the possibility of a continuing upward trend in claims persistency and delayed return-to-work outcomes. Also, the growth in future occupational disease claims may exceed estimates, and external market factors may impair the WSIB's ability to maintain investment returns at its target rate of 7 per cent. Risks pertaining to financial sustainability are discussed on page 33 under Financial Sustainability Initiatives. Other risks that may impact the WSIB's results are discussed under Enterprise Risk Management on page 28. The WSIB is also exposed to future changes to legislated benefits, which can potentially increase or decrease funding requirements.

The WSIB's Five-Year Strategic Plan, 2008 – 2012, *The Road to Zero*, represents the organization's ongoing commitment to the elimination of all work-related fatalities, injuries, and illnesses in Ontario. With constantly evolving technology and the development of new and more efficient methods, the WSIB recognizes that there will always be room for improvement, and it will never be satisfied with the status quo. There are initiatives in place to help the WSIB achieve its objectives under each of the four business fundamentals in *The Road to Zero*. These initiatives will also help the WSIB to mitigate some of the risks mentioned earlier.

Health and safety initiatives

New workplace prevention strategy

For the years 2008–2012, the WSIB has set a goal of a 7 per cent reduction in lost-time injury rates and fatalities each year, as part of *The Road to Zero: A Prevention Strategy* [illegible] *Workplace Health and Safety in Ontario, 2008 – 2012*. Efforts in this area will be directed along four key thrusts:

- Creating a national habit of safety by driving a transformation in values and b[illegible]
- Providing leadership to align prevention-partner efforts and achieve impro[illegible]
- Instilling an evidence-based, priority-focused, and outcome-measurement [illegible] the prevention system
- Developing WSIB and prevention partner capabilities, information-manage[illegible] and communications technology

Core social marketing campaign

The WSIB is running a social marketing campaign with the theme "There really are no accidents." If everyone takes responsibility for ensuring a safe workplace, injuries and fatalities are 100 per cent preventable. The campaign advertisements illustrate that workplace safety is everyone's responsibility and that everyone has a part to play in the health and safety system. The WSIB is moving from two annual campaigns to year-round campaigning, which will tie into *The Road to Zero*, outreach and prevention initiatives, seasonal issues, and targeted multi-lingual and vulnerable worker outreach strategies.

Young Worker Awareness program

The Young Worker Awareness program targets students and young workers (15 to 24 years of age) to create awareness about workplace safety. The program provides resource information about workplace rights and responsibilities and the importance of hazard recognition, which younger workers may lack due to their inexperience or may fail to address due to fear of reprisals.

Service excellence initiatives

New service delivery model

The WSIB is continuously working on improvements to the efficiency, cost-effectiveness, and productivity of its programs and services. The WSIB is in the process of implementing a new service delivery model, which will begin in 2008, involving a more coordinated and aligned approach to delivering service. Implementation includes three major projects:

- The redesign of roles on the service delivery teams for improved quality of service and efficiency
- The new evidence-based case management approaches, designed to optimize the restoration of injured workers to health, employment, and earnings, and to address increasing persistency rates
- The implementation of enabling technology needed to coordinate, align, and improve service delivery

Return to work

Improving early and safe return-to-work outcomes is a major strategic business objective and a core value for the WSIB. The WSIB has a robust set of return-to-work and labour-market re-entry policies in place. These have been designed to help injured workers return to work in a timely manner following a workplace injury or illness.

Quality health care

The WSIB is committed to providing quality health care to injured and ill workers, and is moving towards becoming a proactive manager when purchasing evidence-based health-care services to achieve optimal outcomes for injured and ill workers within a financially sustainable system. The WSIB will continue to collaborate with its workplace health and safety system partners to explore evidence-based approaches to health-care delivery and management in an effort to continuously improve its health-care program.

Joint initiative with the Canada Revenue Agency (CRA)

The WSIB and the Canada Revenue Agency (CRA) have a joint agreement on the exchange of data, which includes registration and employer summary payroll information. Data from the information exchange has allowed for further joint registration efforts, and has enabled the WSIB to ensure the accurate reporting of payroll information. The exchange of information is used to ensure that the WSIB and the CRA create a level playing field for all employers in Ontario, and also facilitates fairness and supports the financial sustainability of the Insurance Fund. The first two exchanges of information between the two organizations resulted in more than 5,000 newly registered employers, with $15 million of premiums billed and $9.7 million collected. The WSIB facilitated a third exchange of payroll data in late 2007 (2006 payroll data). Identified employers will be contacted commencing in the late spring of 2008.

Voluntary Registration program for employers

In October 2007, the WSIB implemented a Voluntary Registration program for employers. Under this program, employers that are required by law to be registered with the WSIB will be encouraged to do so. They received full amnesty by not being assessed retroactively if they registered by March 31, 2008. Partial amnesty will continue thereafter through the waiving of penalties and interest, and the avoidance of prosecution under the *Provincial Offenses Act*. Employers voluntarily registering after March 31, 2008, will be assessed retroactively for the current year and previous year. Unregistered employers discovered by the WSIB are assessed premiums and interest for the past two years, therefore partial amnesty still offers a great incentive for non-compliant employers to come forward. More employers funding the system ensures fairness and greater financial sustainability.

Financial sustainability initiatives

Funding framework

The WSIB's funding framework provides a [illegible] setting stable and predictable premium rates, while ensuring the long-term financia[illegible] security of Ontario's workplace safety and insurance system. The funding framework [illegible] approved by the WSIB's Board of Directors in 2005, and includes a provision for review [illegible] every three years. WSIB is conducting a funding framework review in early 2008, to [illegible] the framework with *The Road to Zero.*

The WSIB is committed to maintaining a disciplined approach to financial managem[illegible] On the revenue side, it is maintaining the 2008 average premium rate at the 2007 le[illegible] $2.26 for every $100 of insurable earnings. This decision was based on a careful review of financial pressures, as well as an expectation that prevention and return-to-work outcomes will continue to improve. On the expenditure side, the WSIB is planning to control costs through innovative strategies, outlined in *The Road to Zero*, which include a new prevention strategy and collaborative prevention partnership model with the WSIB's health and safety partners.

Investment strategy and risk management

The WSIB's Board of Directors makes those investment policy decisions that most significantly impact risk and return objectives, based on recommendations from the WSIB's Investment Committee. The long-term investment return objective is 7 per cent per annum. Over short-term periods, the Insurance Fund's realized rate of return may [illegible] nificantly above or below this target.

Risk is inherent in generating investment returns in excess of the risk-free [illegible] risk management is discussed in note 3 to the Consolidated Financial Stat[illegible] WSIB invests for the Insurance Fund and the Loss of Retirement Income F[illegible] ernance processes, appropriate delegation, and prudence are necessary [illegible] cessful investment programs. It is considered appropriate to take reasona[illegible] risk for the purpose of generating investment revenue that provides [illegible] servicing the benefit obligations of the funds. Capital markets are [illegible] exhibit some predictability in the long run. However, volatility may produc[illegible] in the short term, which is expected within acceptable levels of risk. The [illegible] relies on a large allocation to public equities to earn both market and act[illegible] order to provide a higher return than bonds but with a higher level of variabilit[illegible] sification purposes, the investment program includes returns from multiple asset [illegible] gies, investment manager strategies, geographical regions, industry sectors, currencies and degrees of liquidity. This diversified investment program mitigates, but does not elin[illegible] nate, short-term risk without reducing long-term expected returns.

Organizational excellence initiatives

The WSIB must be synonymous with excellence and [illegible] the public of Ontario. It will provide a healthy and safe workplace for its employees that will serve as a model for all Ontario workplaces. It will support and sustain the ongoing development of its staff; it will implement a comprehensive change-management strat[illegible] to support organizational change; and it will continually evaluate program design and [illegible] vice delivery standards across the organization.

Summary

In 2008, the average premium rate will be held at the 2006 and 2007 level of $2.26 dollars per $100 of insurable earnings. Premium revenue is expected to grow at 3.8 per cent due to increased employment and wages in a moderately growing Ontario economy and revenue-generating initiatives such as the CRA registration and the Voluntary Registration programs.

Going into the year 2008, global economic growth is expected to slow. The WSIB continues to expect its long-term rate of return on investments to be 7 per cent, however returns over the next year carry a significant risk of being below the expected level, and will likely be characterized by great variability as the financial markets interpret and adjust to the structural changes occurring in the global economy.

The WSIB will continue to work to improve financial sustainability. *The Road to Zero* focuses on accelerating the progress of achieving zero injuries, illnesses, and fatalities in Ontario through the prevention strategies discussed above. Established five-year targets aimed at reducing claims persistency and lost-time injuries, which are vital to the elimination of the unfunded liability, will be measured and monitored. Key initiatives to improve claims persistency will begin to be implemented in late 2008, and continued efforts to improve service delivery after 2008 will significantly reduce the unfunded liability.

Controllable administrative expenses are planned to increase within consumer price index levels. The WSIB will continue to focus on improving organizational effectiveness, and on demonstrating its commitment to responsible stewardship in all aspects of its business.

Responsibility for financial reporting

The accompanying financial statements were prepared by management in [illegible] dance with Canadian generally accepted accounting principles, consistently applied, and include amounts based upon management's best estimates an[illegible] judgments. Any financial information contained elsewhere in the Annual [illegible] is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit and Finance Committee to ensure that management fulfils these responsibilities. The Audit and Finance Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial sta[illegible] ment presentation, disclosure and recommendations on internal control

The Internal Audit Division performs audits designed to test the adequa[illegible] consistency of the WSIB's internal controls, practices and procedu[illegible]

Role of the actuary

With respect to the preparation of these financial statements, the [illegible] pares a valuation, including the selection of appropriate assumptions, o[illegible] WSIB's benefit liabilities at the balance sheet date. With respect to t[illegible] tion of these financial statements, the actuary determines the valuat[illegible] benefit liabilities and provides an opinion to the Board of Directors [illegible] appropriateness of the benefit liabilities recorded by managem[illegible] the balance sheet date. The work to form that opinion includes an exa[illegible] the sufficiency and reliability of data, and review of the valuation process[illegible] actuary is responsible for assessing whether the assumptions and methods [illegible] for the valuation of the benefit liabilities are in accordance with accepted [illegible] arial practice, applicable legislation, and associated regulations and directives. In performing the valuation of these liabilities, which are by their very nature [illegible] ently variable, the actuary makes assumptions as to future interest and mortality rates, expenses, related trends and other contingencies, taking into consideration the circumstances of the WSIB. It is certain that the benefit liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future claim categories not sufficiently recognized in the claims experience and inventories. The actuary's report outlines the scope of the valuation and his opinion.

Role of the external auditors

The external auditors, KPMG LLP, working under the direction of the Auditor General of Ontario, have performed an independent and objective audit of the financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors make use of the work of the actuary and his report on the benefit liabilities of the WSIB. The

external auditors have full and unrestricted access to the Board of Directors and the Audit and Finance Committee to discuss audit, financial reporting and related findings. The external auditors' report outlines the scope of their audit and their opinion on the financial statements of the WSIB.

Jill Hutcheon
Malen Ng

Jill Hutcheon,
President & CEO

Malen Ng,
Chief Financial Officer

March 20, 2008

Auditors' report

KPMG

To the Workplace Safety and Insurance Board,
the Minister of Labour, and the Auditor General of Ontario

Pursuant to the *Workplace Safety and Insurance Act*, which provides that t
accounts of the Workplace Safety and Insurance Board ("WSIB") shall b
by the Auditor General of Ontario or under his direction by an auditor ap
by the Lieutenant Governor in Council for that purpose, we have audite
consolidated balance sheet of the WSIB as at December 31, 2007 a
solidated statements of operations, changes in unfunded liability, c
income (loss) and cash flows for the year then ended. These financial state
are the responsibility of WSIB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted
ing standards. Those standards require that we plan and pe
obtain reasonable assurance whether the financial state
misstatement. An audit includes examining, on a test basi
the amounts and disclosures in the financial statements
assessing the accounting principles used and significant est
agement, as well as evaluating the overall financial stateme

In our opinion, these consolidated financial statements present
rial respects, the financial position of the WSIB as at Dece
results of its operations and its cash flows for the year t
with Canadian generally accepted accounting principles

KPMG LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

March 20, 2008

Actuarial opinion

I have valued the benefit liabilities of the Workplace Safety and Insurance Board of Ontario for its consolidated balance sheet as at December 31, 2007 and its change in the consolidated statement of operations for the year then ended in accordance with actuarial practice generally accepted in Canada, including selection of appropriate assumptions and methods.

In my opinion, the amount of benefit liabilities makes appropriate provision for all Schedule 1 Insurance Fund obligations and the consolidated financial statements fairly present the results of the valuation.

W. Robert Hinrichs
Fellow, Canadian Institute of Actuaries

March 20, 2008

CONSOLIDATED BALANCE SHEET
as of December 31

($ millions)	2007	[illegible]
Assets		
Cash and cash equivalents	[illegible]	[illegible]
Receivables	[illegible]	[illegible]
Investments (note 3)	[illegible]	[illegible]
Loss of Retirement Income Fund (note 4)	[illegible]	[illegible]
Property, equipment and other assets (note 5)	[illegible]	[illegible]
	[illegible]	[illegible]
Liabilities		
Payables and accruals	[illegible]	[illegible]
Long-term debt (note 6)	[illegible]	[illegible]
Loss of Retirement Income Fund (note 4)	[illegible]	[illegible]
Employee benefit plans (note 7)	[illegible]	[illegible]
Benefit liabilities (note 8)	[illegible]	[illegible]
	[illegible]	[illegible]
Unfunded Liability (note 9)		
Accumulated excess of expenses over revenues	[illegible]	[illegible]
Accumulated other comprehensive income	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]

Commitments and Contingencies (note 12)

On behalf of the Board of Directors:

Jill Hutcheon
President and CEO
Director

Patrick Dillon
Director

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31

($ millions)	2007	2006
Gross Revenue	**$4,337**	**$4,686**
Current Operations		
Revenues		
Premiums for the year	$2,499	$2,385
Investments (note 3)	812	1,298
Other income	2	3
	3,313	**3,686**
Expenses		
Benefit costs (note 8)	4,936	4,335
Loss of Retirement Income Fund (note 4)	70	64
Administrative and other expenses (note 10)	243	221
Legislated obligations and commitments (note 11)	218	208
	5,467	**4,828**
Excess of expenses over revenues from current operations	**(2,154)**	**(1,142)**
Premiums for unfunded liability	1,024	1,000
Excess of expenses over revenues	**$(1,130)**	**$(142)**

CONSOLIDATED STATEMENT OF CHANGES IN UNFUNDED LIABILITY

For the years ended December 31

($ millions)	2007	2006
Accumulated excess of expenses over revenues		
Balance at beginning of year	$(8,371)	$(8,229)
Excess of expenses over revenues	(1,130)	(142)
Balance at end of year	**(9,501)**	**(8,371)**
Accumulated other comprehensive income		
Balance at beginning of year	2,374	1,719
Unrealized gain (loss) on investments net of amounts realized	(967)	655
Balance at end of year	**1,407**	**2,374**
Unfunded liability at end of year	**$(8,094)**	**$(5,997)**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

($ millions)	2007	[illegible]
Excess of expenses over revenues	[illegible]	[illegible]
Other comprehensive income (loss):		
Unrealized net gains (losses) on available-for-sale financial assets arising during the year	[illegible]	[illegible]
Realized gains included in income	[illegible]	[illegible]
Unrealized gains (losses) on investments, net of amounts realized	[illegible]	[illegible]
Comprehensive income (loss)	$(2,097	[illegible]

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31

($ millions)	2007	200
Operating cash flows		
Cash received from:		
Premiums for the year	[illegible]	[illegible]
Premiums for unfunded liability	[illegible]	[illegible]
Investment income	[illegible]	[illegible]
	[illegible]	[illegible]
Cash paid to:		
Claimants, survivors and care providers	[illegible]	[illegible]
Loss of Retirement Income Fund	[illegible]	[illegible]
Employees and suppliers for administrative goods and services	[illegible]	[illegible]
Legislated obligations and commitments	[illegible]	[illegible]
	[illegible]	[illegible]
Net cash provided (required) by operating activities	[illegible]	[illegible]
Investing cash flows		
Sale of investments	[illegible]	[illegible]
Purchase of investments	[illegible]	[illegible]
Net cash provided by investing activities	35	[illegible]
Increase in cash and cash equivalents	16	108
Cash and cash equivalents, beginning of year	[illegible]	[illegible]
Cash and cash equivalents, end of year	$177	$161

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

December 31, 2007

1. Nature of operations

The Workplace Safety and Insurance Board (WSIB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. The WSIB is responsible for administering the *Workplace Safety and Insurance Act, 1997.* The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides insurance benefits to workers who sustain injuries in the course of employment or contract occupational diseases. The WSIB also provides insurance benefits in the case of workers who die due to workplace injuries or illnesses to their survivors and assists injured workers in their early and safe return to work.

Employers covered by the *Workplace Safety and Insurance Act, 1997*, are divided into two groups, referred to as "Schedule 1" and "Schedule 2." Schedule 1 employers are insured under a "collective liability" system and are required to contribute to the WSIB Insurance Fund. Schedule 2 employers are "self-insured" and are individually liable for the full costs of their workers' claims. The WSIB pays insurance benefits for Schedule 2 workers and is reimbursed by their employers for the costs of the claims, including administrative costs, and for the cost of the WSIB's prevention activities.

The WSIB also administers the federal *Government Employees Compensation Act*. Under an agreement with Human Resources Development Canada, the federal government is treated like a Schedule 2 employer.

Revenue is raised through premiums, which are collected from all Schedule 1 employers covered under the *Workplace Safety and Insurance Act, 1997.* Revenue is also earned from a diversified investment portfolio held to meet future obligations on existing claims. Schedule 2 reimbursements also contribute to WSIB revenue.

The WSIB receives no government funding or assistance. The financial statements have been prepared on a going concern basis as management has plans to eliminate the unfunded liability over the course of several years and has prepared projections, which indicate that liabilities can be met as they fall due.

2. Significant accounting policies

The consolidated financial statements include the Schedule 1 and Schedule 2 accounts of the WSIB and its subsidiaries. These financial statements have been prepared in accordance with generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are summarized as follows:

Basis of consolidation

WSIB's subsidiaries and joint ventures are consolidated. Investments in entities in which WSIB exercises a significant influence are accounted for using the equity method.

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of all WSIB subsidiaries after the elimination of intercompany transactions and balances.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market instruments maturities up to three months.

Receivables

Receivables consist of premium receivable from stakeholders. The balance an allowance for doubtful accounts of $115 million (2006: $177 million).

Investments

Investments in short-term securities, bonds, and equities are classified a trading or available-for-sale based on management's intention. Investn are recorded on the trade date basis. The WSIB has designated all of available-for-sale except for derivatives and the assets of the Loss of Reti Fund, which are classified as held-for-trading.

Available-for-sale securities include securities that may be sold in response to pation of changes in interest rates, changes in foreign currency risk, changes in f sources, or to meet liquidity needs. Available-for-sale securities are carried at est fair value. Realized gains and losses are recognized as investment which they occur. Unrealized gains and losses on available-for-sale sec nized in other comprehensive income until they are realized.

Available-for-sale securities are assessed regularly to determine whe loss is an other-than-temporary impairment. Write-downs impairment are included in investment income and removed from a comprehensive income.

Held-for-trading securities, which are purchased for sale in the r estimated fair value. Realized and unrealized gains and losses are ment income as they arise.

The WSIB is party to forward foreign exchange contracts trading and are carried at fair value. Changes in the fair exchange contracts are recognized in income in the period in

Real estate investments

Investments in real estate are carried at cost plus move-to-m to the end of 2003, less accumulated depreciation recorded after 2003.

Prior to 2004, the carrying value of real estate investments was amo appraised market value at 10 per cent annually. Beginning in 2004, real estate and joint ventures are initially recorded at cost and the carrying buildings is amortized over the estimated useful life of 40 years on a

Fair value of financial instruments

The fair values of investments are the year-end quoted prices where available. Wh quoted prices are not available, estimated fair values are calculated based upon the y and values of comparable marketable securities.

Cash and cash equivalents denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date.

The cost of short-term securities, treasury bills and term deposits maturing within a year plus accrued interest income, approximates the fair value of these instruments.

The fair value of bonds and equities denominated in foreign currencies is translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Pooled fund

investments are valued at the unit values supplied by the pooled fund administrator. These values represent the WSIB's proportionate share of underlying net assets at fair values.

Derivative instruments

WSIB invests in active currency through forward contracts which are classified as derivative instruments.

Derivative instruments are financial instruments that derive their value from that of other financial instruments, economic or financial indicators including but not limited to derivatives of equity, fixed-income or currency-related investments, futures and /or forward contracts, swaps, option, warrants, depository receipts, rights or other similar instruments. WSIB uses derivative instruments as an additional source of return, for economic hedging strategies to manage investment risk, to improve liquidity or to manage exposure to asset classes or strategies, including but not limited to rebalancing.

Impairment review

Available-for-sale securities are reviewed annually to identify and evaluate investments that show indications of possible impairment. An investment is considered impaired if its unrealized losses represent impairment that is considered to be other-than-temporary. In determining whether a loss is temporary, factors considered include the extent of the unrealized loss, length of time that the security has been in an unrealized loss position, and the WSIB's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. If a decline is considered other-than-temporary, a write down is recorded.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the balance sheet date. Revenues and expenses are translated at exchange rates in effect on the transaction date. Realized exchange gains and losses are included in income. Unrealized exchange gains and losses for available-for-sale securities are included in other comprehensive income. Unrealized exchange gains and losses for held-for-trading securities are included in income.

Fair value of other financial assets and liabilities

The carrying value of receivables and payables approximates their fair value because of the short-term nature of these instruments.

Loss of Retirement Income Fund

The Loss of Retirement Income Fund is invested in short-term securities, bonds, equities and pooled funds. These investments are carried at estimated fair value. Changes in fair value are included in investment income of the Loss of Retirement Income Fund in the year in which they occur.

Annuities purchased from third parties to pay Loss of Retirement Income benefits to eligible claimants are accounted for as financial assets and the corresponding liability to the claimants is accounted for as a financial liability. The WSIB remains liable for the annuities in the event of default by the annuity provider. These assets and liabilities are carried at estimated fair value.

Property, equipment, and other assets

Property, equipment and other assets are recorded at cost. The cost of buildings includes development, financing and other costs capitalized prior to the day they become fully operational. At this time, amortization commences. Capital assets are amortized using the straight-line method, at rates calculated to expense the cost of assets over their estimated useful lives, which are 20 years for buildings, five years for office equipment, three years for computer equipment, and the lesser of the lease term or ten years for leasehold improvements.

Premiums

Each year, the Board of Directors approves preliminary and final premium rate... preliminary rates are re-calibrated annually with current economic and actuari... tions and are used to solicit feedback from stakeholders in the development ... premium rates. Premium rates are established to cover all expected claims an... ing costs for the upcoming injury year. To stabilize premium rates, there are ... to govern the amount of increase and to moderate any excessive changes ... year. Premium rates include a component that is applied to reduce the ... The WSIB may also levy a special premium when it is considered appropriate ... of the year, Schedule 1 employers are notified of their final premium rates ... the upcoming injury year. Premium revenue is determined by applying pre... Schedule 1 employers' insurable payrolls.

Schedule 2 employers are individually liable to pay all insurance benefits and ad... tion costs with respect to their workers' claims. Reimbursements for claims paid and ... cost of administration are included in their premium assessment

The Schedule 1 premiums are net of doubtful accounts. An Allowance for Doubt... accounts is recorded in our Consolidated Balance Sheet and is ma... is adequate to absorb losses on premiums for Schedule 1 employers. The allo... prises specific allowances and an additional allowance which covers an... the employer premiums that, based on experience, will not be collecta... is reviewed and a number of factors are considered in determining ...

Benefit liabilities

Benefit liabilities are determined annually through an actuar... the present value of future payments for loss of earnings, labou... and long-term disability, health care, survivor benefits, retiren... claim administration costs. They represent a provision for futu... the future cost of administering claims incurred on or before ... has been determined by estimating future benefit payment ... dication practices in effect at December 31, and relevant legisl...

The benefit liabilities do not include any provision for payment o... costs of these claims are not considered WSIB liabilities because th... Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to o... diseases, or for injuries and illnesses that are not currently considered to be ...

Pension and other benefit plans

The WSIB offers a number of benefit plans, which provide pension and other post re... ment benefits to eligible staff. These plans include a statutory pension plan, a supple... tal pension plan, and other post retirement benefits plans including health, dental and ... insurance.

The WSIB funds its statutory pension and post retirement benefit plans annually base... actuarially determined amounts required to satisfy employee benefit entitlements under current pension regulation and benefit plan policies. These pension plans provide benefits based on years of service and average earnings at retirement.

Actuarial valuations are performed annually to determine the present value of the accrued pension benefits, based on projections of the employees' compensation levels to the time of retirement. Investments held by the pension funds primarily comprise equity

securities, bonds and debentures. Pension fund assets are valued at fair value.

Pension benefit expense, which is included in staff benefit plans within administrative and other expenses (note 10), consists of the cost of employee pension benefits for the current year's service, interest cost on the liability, expected investment return on the market related value of plan assets and the amortization of unrecognized past service costs, unrecognized net actuarial gains or losses and unrecognized transition asset or obligation. Amortization is charged over the expected average remaining service period of active employees covered by the plan.

The cumulative excess of pension fund contributions over the amount recorded as expenses is reported as accrued benefit liability in the balance sheet. The cumulative excess of pension benefit expense over pension fund contributions is reported in the employee benefit plan liabilities. Liabilities for other post retirement benefits are also reported in the employee benefit plans' liabilities.

The full amount of the gain or loss from the change in obligation for workplace accident benefits is recognized in the year the gain or loss occurs and is included in other benefit plans (note 7).

Other defined contribution plan costs are recognized in income for services rendered by employees during the year.

Financial instruments – Disclosure and Presentation

Future impact of recently issued accounting standards

Effective January 1, 2008, the WSIB will adopt new CICA Handbook sections: Section 3862 "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". These new disclosures will provide additional information on the nature and extent of risks arising from financial instruments to which the WSIB is exposed and how it manages those risks.

3. Investments and investment revenue

Investments by category are as follows:

($ millions)	2007			
	Amortized cost	Carrying value adjustments	Unrealized: gains	losses
Held-for-trading:				
Foreign exchange contracts				
Domestic	$ –	$(37)	–	–
Foreign – U.S.	–	46	–	
– Global	–	(19)	–	
Total held-for-trading	–	(10)	–	
Available-for-sale:				
Fixed income securities				
Bonds	4,018	–		
Equities				
Domestic	1,867	–		
Foreign – U.S.	3,407	9		
– Global	2,753	14		
	8,027	84		
Total available-for-sale	12,045	84		
Real estate	228			
Total investments	**$12,273**	**$74**	$1,643	

Included in the above is accrued income of $113 million (2006: $63 million)

Foreign currency

The gross notional amounts in foreign exchange cont[illegible]
which payments are made. The net notional value is the [illegible]
positions in the portfolio and it reflects the aggregate positi[illegible]
notional amounts have been converted into Canadian doll[illegible]
rates in effect at the inception of the contracts.

At December 31, 2007 the gross notional value of outstanding f[illegible]
was $1,946 million (2006: $405 million). Outstanding contracts in a [illegible]
a fair value of $13 million (2006: $2 million) and those in an unfavorabl[illegible]
fair value of negative $23 million (2006: negative $4 million). Unrealiz[illegible]
eign exchange contracts of $10 million (2006: $2 million loss) were included i[illegible]
income.

The net notional value of foreign exchange contracts as of December 31, 200[illegible]
million (2006: $165 million).

The fair value of the investment portfolio includes $6,763 million (2006: $7,419 mill[illegible]
securities denominated in foreign currency. The major holdings are as follows: 53 per ce[illegible]
(2006: 52 per cent) in US dollar, 18 per cent (2006: 17 per cent) in Euros, 11 per cent (2006
12 per cent) in British Pound Sterling, seven per cent (2006: nine per cent) in Japanese
Yen and 11 percent (2006: 10 per cent) in other currencies.

Bonds by term to maturity as of December 31:

($ millions)	2007					2006
	Term to contractual maturity (years)					
	Up to 1	1 – 5	5 – 10	Over 10	Total	Total
Government bonds						
Fair value	$19	$1,316	$539	$1,008	$2,882	$2,827
Yield %*	4.0	4.0	4.2	4.4	4.2	4.2
Corporate bonds						
Fair value	$7	$500	$365	$362	$1,234	$1,242
Yield %*	4.4	5.0	5.1	5.6	5.2	4.7
Total						
Fair value	**$26**	**$1,816**	**$904**	**$1,370**	**$4,116**	**$4,069**
Yield %*	**4.1**	**4.3**	**4.6**	**4.7**	**4.5**	**4.4**

*The average yield reflects the yield to maturity which is the discount rate that makes the present value of future cash flows for each bond equal to its fair value as of December 31.

Revenue by category of investment is as follows:

($ millions)	2007	2006
Held-for-trading		
Foreign exchange contracts	$(15)	$(3)
Available-for-sale		
Bonds	205	214
Amortization	(16)	(18)
Equities	654	1,116
	843	1,312
Real estate	12	16
Short-term securities	6	3
	846	1,328
Investment expenses	(34)	(30)
Net investment revenue	**$812**	**$1,298**

Revenue from bonds includes $2 million (2006: $19 million) of net realized gains. Revenue from equities and real estate includes $425 million (2006: $895 million) of net realized gains. Revenue from foreign exchange contracts includes $3 million (2006: $0) of net realized losses.

During the year $408 million (2006: $37 million) was assessed as an other-than-temporary impairment and recognized as a reduction in investment income. The remaining unrealized losses on available-for-sale securities of $236 million (2006: $17 million) are not considered to be other-than-temporarily impaired as at December 31, 2007.

Securities Lending

WSIB earns additional income by participating in a securities lending progra[illegible] ties it owns are loaned to others for a fee and are secured by high quality [illegible] fair value of the collateral always exceeds the fair value of the securities loan[illegible] collateral is marked to market daily. The program is managed by a C[illegible] institution.

At December 31, 2007, the fair value of securities on loan was $1,453 mi[illegible] million). The collateral held with respect to these securities was $1,52[illegible] $1,876 million).

Investments Risk Management

The WSIB is responsible for investing the funds of the Insurance Fu[illegible] ment Income Fund (LRI Fund). These responsibilities are carried o[illegible] and other investment policies that govern how the Funds are to be invested [illegible] investment performance and compliance of the Funds is to be monitored and eval[illegible] A statement of investment policies and procedures (SIPP) is reviewed and prese[illegible] the Board of Directors for approval. Review is undertaken of the WSIB's benef[illegible] and capital market assumptions to ascertain that the Policy Asset Mix and [illegible] sions of the SIPP remain relevant to the prevailing and fore[illegible] liabilities. The Policy Asset Mix mitigates, but does not elin[illegible] diversification across asset strategies and strikes a reaso[illegible] achieving the long-term return objective and enduring sho[illegible]

Although, neither the Insurance nor LRI Fund is a registered [illegible] requires the funds available for investment be invested in thos[illegible] authorized under the Ontario Pension Benefits Act. It furth[illegible] invested in the same manner as is authorized for those pensio[illegible] care, diligence and skill that a person of ordinary pruden[illegible] the property of another person and using all relevant knowl[illegible] may possess.

Risk is inherent in the generating of investment returns in ex[illegible] three-month Government of Canada treasury bills) and in each [illegible] decision-making process; hence risk measurement and risk [illegible] the asset management program.

The primary risk is that investment returns, taken together with a [illegible] able level of contributions, are insufficient to meet the long-term o[illegible] Fund is established. This risk would be manifest in the failure to achieve a [illegible] the actuarial discount rate of seven per cent over a long-term horizon [illegible] periods.

The significant risks related to financial instruments are credit risk, liquidity risk and [illegible] risk (currency, interest rate and market). The following sections describe how WSIB m[illegible] ages each of these financial instrument risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obli[illegible] gation and cause the other party to incur a financial loss. WSIB mitigates portfolio credit risk through comprehensive due diligence and diversification. WSIB's fixed income is invested in indexed portfolios and none of the index constituents is more than three per cent of the index. Also, WSIB manages credit risk through exposure limits on underlying

securities. As such, not more than five per cent of the market value of the Insurance Fund is invested in the securities of a single issuer.

WSIB manages counterparty risk through a due diligence process by selecting multiple highly rated counterparties and by setting counterparty exposure limits. In addition, WSIB requires its active currency managers to use a continuous linked settlement service to mitigate settlement risk and an international foreign exchange master agreement to mitigate risk of default at any time. WSIB monitors its exposure daily.

WSIB manages counterparty risk relating to our Security Lending program by establishing a pre-approved qualified borrower list and through exposure limits. Also, our custodian risk management team conducts regular credit review and monitoring for all our borrowers. In addition, WSIB mitigates counterparty risk by requiring daily marking-to-market to maintain full collateralization with additional margin for safety.

Liquidity risk

Liquidity risk or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk to WSIB is the risk that it will not be able to fund all cash outflow commitments as they fall due. WSIB mitigates this risk by investing 95 per cent of its insurance assets in readily marketable, publicly traded, equity and fixed income securities. WSIB also has effective cash management strategies.

In addition, WSIB maintains a line of credit with a commercial bank to serve as sources of interim liquidity if needed.

Price risk

There are three types of price risk: currency risk, interest rate risk and market risk. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices.

i) Foreign currency risk

Foreign currency risk is the risk of loss due to adverse movements in foreign currency rates as compared to the Canadian dollar. WSIB uses foreign exchange contracts as an additional source of return, for economic hedging strategies to manage investment risk, to improve liquidity or to manage exposure to asset classes or strategies. Foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract inception. The fair value of these financial instruments would change in response to changes in the underlying variables affecting the contracts, such as changes in the foreign exchange rates of the currencies involved in the contracts.

There are foreign currency positions inherent in the foreign equity holdings of the Insurance and LRI Funds. The WSIB has a sufficiently long investment time horizon to accept the variability of these currency positions, which can be significant, over shorter periods.

ii) Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in i[illegible] WSIB reviews interest rate risk through periodic asset liability analyses wh[illegible] impact of different interest rate scenarios on asset and liabiliti[illegible] over a period of time. Interest rate risk is mitigated primarily thro[illegible] which aims to cover interest rate risk over the long term.

iii) Market risk

Market risk is the risk that the value of a financial instrument will flu[illegible] changes in market prices, whether those changes are caused [illegible] individual instrument or its issuer or factors affecting all instr[illegible]

The WSIB mitigates market risk by diversification of its inve[illegible] SIPP outlines the policy mix requirements to manage the n[illegible] are actively managed. A balanced allocation of risk across a[illegible] appropriate to meet the return objectives of the Funds. The a[illegible] fied by combining different sources of return across and with[illegible] ment strategies.

4. Loss of Retirement Income fund

The carrying value of the Loss of Retirement Income (LRI) fun[illegible] at December 31 is as follows:

($ millions)	[illegible]
Cash and cash equivalents	[illegible]
Bonds	[illegible]
Equities	[illegible]
Investment in pooled fund	[illegible]
Investment fund	[illegible]
Annuities	[illegible]
	[illegible]

The underlying securities in the pooled fund include fixed i[illegible] $131 million (2006: $109 million), equities valued at $317 milli[illegible] money market instruments valued at $11 million (2006: $9 million[illegible]

The WSIB has purchased annuities from various annuity providers to ad[illegible] tlement of LRI benefits to eligible claimants. The related financial [illegible] liability are carried at actuarially determined fair values. The WSIB rer[illegible] annuities in the event of default by the annuity providers. This risk is mitiga[illegible] ing annuities from highly rated Canadian financial institutions. At December 3[illegible] none of the annuity providers was in default and no provision for credit risk was [illegible]

The change in LRI Fund Investment is as follows:

($ millions)	2007	2006
Funds set aside under the *Act*	$76	$69
Investment income	4	96
Benefit costs paid	(34)	(28)
Increase in net assets	46	137
Net assets, beginning of year	872	735
Net assets, end of year	**$918**	**$872**

For injuries and illnesses that occurred prior to January 1, 1998, the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers.

Effective January 1, 1998, for claims incurred after December 31, 1997, for workers who have received loss of earnings benefits for 12 continuous months, the WSIB sets aside 5 per cent of their loss of earnings benefits for their retirement fund. Injured workers may choose to contribute a further 5 per cent from their loss of earnings benefits. These funds are segregated from the WSIB's investment portfolio and are invested to provide retirement income benefits for injured workers.

5. Property, equipment and other assets

($ millions)	2007		2006
	Cost	Net Carrying Value	Net Carrying Value
Land, under a capital lease	$29	$29	$29
Buildings and leasehold improvements	196	92	101
Office equipment	112	2	1
Computer equipment	174	55	23
	511	178	154
Other assets	1	1	5
	$512	**$179**	**$159**

Amortization expense in 2007 was $12 million (2006: $13 million).

The WSIB, through its wholly owned subsidiary, 799549 Ontario Inc., is a 75 per cent participant in a co-ownership agreement for its head office land and building at 200 Front Street West, Toronto.

The land of $29 million represents WSIB's 75 per cent cost share of the co-ownership share of land on which WSIB's head office building was constructed.

The building and leasehold improvements of $92 million (2006: $101 million) represent WSIB's 75 per cent share of the co-ownership.

6. Long-term debt

($ millions)
Mortgage payable
Obligation under capital leases

Mortgage payable

To fund part of the development and construction of West, Toronto, (note 5) the WSIB entered into a long-t 1993. The mortgage loan is secured by the building, and interest rate is fixed at 10.25 per cent per annum.

The fair value of the mortgage payable as of Decemb $74 million) with a book value of $68 million (2006 interest expense for the year was included in oc

Obligation under capital leases

The obligation under capital leases consists of the follow

($ millions)
Simcoe Place land lease
Computer equipment leases

The Simcoe Place land lease represents the 200 Front Street West on which WSIB's office bu owned subsidiary 799549 Ontario Inc. capital lease.

During 2006, WSIB negotiated an amendment t from 2087 to 2027, and to provide WSIB with in the land at the expiry date of May 31, 2027 for $ sidered by management to be advantageous and it is e exercised.

There are four computer equipment leases with tern

The fair value of the lease obligations at Decembe million). Interest on lease obligation for the year was est on the Simcoe Place land lease obligation for the yea was included in occupancy cost.

7. Employee benefit plans

The WSIB has several benefit plans for eligible current and retired employees. The cost of employee benefit plans is recognized in the reporting period in which employees have provided service.

Pension and other benefit plans

The WSIB has two pension plans for its employees and employees of Safe Workplace Associations, the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a defined-benefit pension plan that provides for partially indexed pensions based on years of service and best five consecutive years average earnings in the last ten years. The WSIB Employee's Supplementary Pension Plan ensures that employees of the WSIB and Safe Workplace Associations whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the Federal Income Tax Act will receive pension benefits based on their total earnings.

The investment activities and the administrative and accounting functions of the pension plans are administered by the WSIB. The accrued pension obligations of the plans reflect management's estimates of salary escalation, investment rate of return, mortality of members, terminations, and ages at which members will retire.

Other benefits include medical, dental and life insurance, accrued vacation, short-term salary protection to cover periods of illness and other absences, as well as, the costs of insurance benefits provided to employees who sustain injuries in the course of employment. The measurement date for financial reporting purposes of the plan assets and the benefit obligation is as of December 31, 2007. The most recent and next actuarial valuations for funding purposes are as of December 31, 2007 and 2008, respectively.

Information about the WSIB's defined benefit pension plans and other benefit plans in [illegible]

($ millions)	Employees' Pension Plan		Employees' Supplementary Pension Plan		[illegible]		[illegible]	
	2007	2006	2007	2006	[illegible]	[illegible]	[illegible]	[illegible]
Accrued benefit obligation								
Beginning of year	**$1,781.5**	**$1,607.3**	**$14.8**	$13.5	[illegible]	[illegible]	[illegible]	[illegible]
Current service cost	59.0	50.6	0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest cost	94.5	87.4	0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Benefits paid	(50.1)	(53.9)	(0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee past service contributions	1.8	3.3	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee current service contributions	17.9	21.6	0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Past service benefit cost	–	–	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Actuarial (gain) loss	(241.6)	65.2	(1.2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
End of year	**1,663.0**	**1,781.5**	**14.5**	**14.8**	[illegible]	[illegible]	[illegible]	[illegible]
Plan assets								
Fair value at beginning of year	**1,707.9**	**1,474.5**	**2.6**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Actual return on plan assets	(9.4)	234.4	0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employer contributions	34.0	28.0	0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee current service contributions	17.9	21.6	0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee past service contributions	1.8	3.3	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Benefits paid	(50.1)	(53.9)	(0.5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fair value at end of year	**1,702.1**	**1,707.9**	**2.6**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funded status								
Funded status–plan surplus (deficit)	39.1	(73.6)	(11.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unamortized net actuarial (gain) loss	(33.3)	96.2	1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unamortized past service costs	13.9	15.5	(0.1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unamortized transitional obligation	(70.7)	(82.6)		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accrued benefit liability	**(51.0)**	**(44.5)**	**(10.3)**	**(9.5)**	[illegible]	[illegible]	[illegible]	[illegible]
Accrued benefit obligation, end of year	1,663.0	1,781.5	14.5	14.8	[illegible]	[illegible]	[illegible]	[illegible]
Fair value of plan assets, end of year	1,702.1	1,707.9	2.6	2.6	[illegible]	[illegible]	[illegible]	[illegible]
Funded status, plan surplus (deficit)	**39.1**	**(73.6)**	**(11.9)**	**(12.2)**	[illegible]	[illegible]	[illegible]	[illegible]
Net benefit plan expense								
Current service cost	59.0	50.6	0.4	0.2	[illegible]	[illegible]	[illegible]	[illegible]
Interest cost	94.5	87.4	0.8	0.7	[illegible]	[illegible]	[illegible]	[illegible]
Expected return on plan assets	(108.6)	(96.1)	(0.1)	(0.1)	[illegible]	[illegible]	[illegible]	[illegible]
Amortization of past service costs	1.5	1.5	–	–	[illegible]	[illegible]	[illegible]	[illegible]
Amortization of transitional obligation	(11.8)	(11.8)	–	–	[illegible]	[illegible]	[illegible]	[illegible]
Amortization of net loss (gain)	5.9	9.1	0.1	–	[illegible]	[illegible]	[illegible]	[illegible]
Net benefit plan expense	**$40.5**	**$40.7**	**$1.2**	**$0.8**	**$49.1**	**$44.5**	**$90.8**	**$86.0**

($ millions)	Employees' Pension Plan				Employees' Supplementary Pension Plan	
	2007		2006		2007	2006
	$	%	$	%	$	$
Plan Assets by Major Category						
Equity Securities	1,127.2	66.2	1,167.1	68.3	–	–
Debt Securities	495.0	29.1	477.1	28.0	–	–
Real Estate	48.8	2.9	44.4	2.6	–	–
Accrued Investment Income	10.7	0.6	6.9	0.4	–	–
Other	20.4	1.2	12.4	0.7	2.6	2.6
Total	**1,702.1**	**100.0**	**1,707.9**	**100.0**	**2.6**	**2.6**

The significant actuarial assumptions adopted as of December 31 to value the Employees' Pension Plan, the Employees' Supplementary Pension Plan and other benefit plans are as follows:

	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans	
	2007	2006	2007	2006	2007	2006
Discount rate – plan expenses	5.15%	5.40%	5.15%	5.40%	5.15%	5.40%
Discount rate – accrued benefit obligations	5.75%	5.15%	5.75%	5.15%	5.75%	5.15%
Expected long-term rate of return on plan assets	7.0%	7.0%	3.5%	3.5%	–	–
Dental cost escalation	–	–	–	–	4.0%	4.0%
Average remaining service period (years)	13	13	13	13	13	13

Health care cost trend rates at December 31

	2007	2006
Medical Cost		
General inflation rate		
Initial rate	9.0%*	10.0%*
Ultimate rate	4.0%	4.0%
Year ultimate rate reached	2013	2013
Age inflation of 2% per year of age		
Dental costs		
General inflation rate	4.0%	4.0%

*Grading down by 1% per year.

Sensitivity of actuarial assumptions

The key economic assumptions used in measuring the pensi[illegible] expenses are outlined in the table below. The sensitivity anal[illegible] is hypothetical and changes in each key assumption may not [illegible] ties in each key assumption have been calculated independe[illegible] assumptions. Actual experience may result in changes in a r[illegible] simultaneously. Change in one assumption may result in ch[illegible] amplify or reduce certain sensitivities.

($ millions)	Discount rate (%)	Impact of 1% increase ($)	Impact of 1% decrease ($)	Rate of compensation increase (%)	Impact of 1% increase ($)	Impact of 1% decrease ($)	Expected retu[illegible]
Employees' Pension Plan							
Benefit Liability*	5.75	(243.0)	311.0	3.50	18.6	[illegible]	[illegible]
Benefit Expense**	5.15	(14.0)	16.5	4.00	3.1	[illegible]	[illegible]
Employees' Supplementary Pension Plan							
Benefit Liability	5.75	(1.8)	2.2	3.50	0.4	(0.4)	[illegible]
Benefit Expense	5.15	(0.1)	0.1	4.00	0.1	[illegible]	[illegible]
Unfunded Pensions							
Benefit Liability	5.75	(0.3)	0.4	3.50	–		[illegible]
Benefit Expense	5.15	–	–	4.00	–		[illegible]
Total Change							
Benefit Liability	**5.75**	**(245.1)**	**313.6**	**3.50**	**19.0**	**(18.5)**	[illegible]
Benefit Expense	**5.15**	**(14.1)**	**16.6**	**4.00**	**3.2**	**(3.1)**	[illegible]

*Accrued benefit obligation as at December 31, 2007 **2007 Pension Expense

8. Benefit liabilities and benefit costs

Benefit liabilities represent an actuarially determined provision for future benefit payments relating to incurred claims and the expense of administering those future benefit payments that are discounted to the valuation date at the assumed net discount rates shown below. Estimates of future benefit payments apply to both reported and unreported claims resulting from injuries and illnesses, including occupational diseases, that occurred on or before December 31, 2007 and are based on the level and nature of entitlement, and adjudication practices in effect at that date.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments depends on economic and actuarial assumptions that are based on past experience, modified for current trends. These assumptions may change over time to reflect underlying conditions, and it is possible that such changes could cause a material change in the actuarial present value of future benefit payments. The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

	2007	2006
Inflation rate	3.0%	3.0%
Discount rate	7.0%	7.0%
Rate of indexation of benefits		
Fully indexed	3.0%	3.0%
Partially indexed	0.5%*	0.5%
Discount rate, net of indexation		
Fully indexed	4.0%	4.0%
Partially indexed	6.5%	6.5%
Wage escalation rate	4.0%	4.0%
Health care costs escalation rate	6.5%	6.5%

*The 0.5% indexation rate is not applied to the partially indexed benefits for 2008 and 2009 as the 2.5% indexation rate specified by Bill 187 is applicable.

Mortality estimates are based on WSIB injured-worker mortality experience from 1996 to 2000 adjusted for mortality improvements to 2007, and for survivors of deceased workers, the 1995 – 1997 Ontario Life Tables adjusted for mortality improvements to 2007.

Loss of Earnings (LOE) termination rates are based on WSIB injured worker termination experience up to and including 2006.

Provisions have been made for the effect of future increases in the covered earnings ceiling and the minimum and maximum limits affecting income benefits.

Management believes that the valuation methods and assumptions are, in aggregate, appropriate for the valuation. Long-term economic and actuarial assumptions and methods are reviewed annually as of December 31, when an actuarial valuation is performed.

The change in present value of future benefit payments for reported and unreported work-related injuries and illnesses, and the change in future claims administration costs, are recorded as benefit cost. Any adjustments resulting from the continuous review of

entitlements and experience, or from changes in legislation, assumptions or method[illegible] also included as benefit costs.

The benefit liabilities include a provision of $881 million (2006: $855 million) for future costs of administering existing claims. Administrative and other expenses have been adjusted by $294 million (2006: $301 million) to reflect the amount that was charged against the provision for benefit liabilities relating to future claim administration costs i[illegible] the current year.

Sensitivity of actuarial assumptions

The benefits liability is calculated based on actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liabilities. This sensitivity is illustrated as follows:

- The actuarial assumption most sensitive to change is the assumed discount rate of 7[illegible] per annum. A 0.5% decrease in the discount rate would increase benefit liabilities by approximately $735 million (2006: $725 million).
- A 0.5% increase in the CPI would increase benefit liabilities by approximately $450 million (new sensitivity for 2007). This 0.5% increase in CPI is not applicable to the part[illegible] indexed benefits for 2008 and 2009 as the 2.5% indexation rate specified by Bill 187 [illegible] applicable.
- Calculation of the benefit liabilities was based on WSIB injured worker mortali[illegible] ence. A flat reduction of 5% in these mortality rates would increase benefit [illegible] approximately $115 million (2006: $115 million).
- A 10% increase in the number of lost time injuries in the current year wo[illegible] the benefit liabilities by approximately $165 million (2006: $150 million).
- Health care benefit liabilities are calculated assuming a future rate of [illegible] health care costs of 6.5% per annum. A 0.5% increase in the escalation factor[illegible] future health care costs would increase benefit liabilities by approximately $13[illegible] (2006: $130 million).
- Calculation of the benefit liabilities for the loss of earnings benefit uses WSIB [illegible] worker claim termination experience. A flat reduction of 5% in termination rates w[illegible] increase benefit liabilities by approximately $245 million (2006: $235 million).

Benefit liabilities and benefit costs paid in 2007 were as follows:

($ millions)	2007								2006
		Labour market re-entry							
	Loss of Earnings	Income support	External providers	Short- & long-term disability	Health care	Survivor benefits	Claim admin. costs	Total	Total
Benefit liabilities, beginning of year	$4,892	$54	$420	$9,334	$2,994	$1,751	$855	**$20,300**	**$19,250**
Benefit costs	1,909	129	171	1,509	650	248	320	**4,936**	**4,335**
Benefit costs paid during the year									
Schedule 1	(814)	(125)	(149)	(1,194)	(473)	(148)	(294)	**(3,197)**	**(3,024)**
Schedule 2	(92)	(5)	(4)	(103)	(54)	(21)	–	**(279)**	**(261)**
	(906)	(130)	(153)	(1,297)	(527)	(169)	(294)	**(3,476)**	**(3,285)**
Change in benefit liabilities	1,003	(1)	18	212	123	79	26	**1,460**	**1,050**
Benefit liabilities, end of year	$5,895	$53	$438	$9,546	$3,117	$1,830	$881	**$21,760**	**$20,300**

9. Reconciliation of the change in the unfunded liability

The unfunded liability is affected by a number of factors, including an interest charge on the unfunded liability, premiums applied to reduce the unfunded liability, experience gains and losses, changes in accounting practices, policy or legislation and changes in actuarial assumptions for calculating benefit liabilities.

The interest charge on the unfunded liability recognizes that there are insufficient assets to cover existing liabilities resulting in a shortfall in investment income and assets to pay future claim payments. Premiums that are collected to reduce the unfunded liability include an amount to cover this shortfall.

In addition, the difference between expected and actual experience on items such as indexation, investment returns and claims experience also gives rise to changes in the unfunded liability.

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ millions)	**2007**	**2006**
Unfunded liability, beginning of year	$5,997	$6,510
Add (deduct):		
Investment income not earned due to shortfall in invested assets	[illegible]	[illegible]
Premiums allocated to reduction of unfunded liability	(1,024)	(1,000)
Experience (gains)/losses resulting from:		
Indexation of benefits less than expected	[illegible]	[illegible]
Lower (higher) than expected investment returns	1,118	(1,0[illegible]
Prior and current years' claims experience	647	433
Changes in assumptions:		
Mortality	14	[illegible]
Long-term loss of earnings	86	500
Changes in benefit cost assumptions:		
Health care benefits	101	68
Long-term disability	24	15
External agency rehabilitation payments	21	20
Other changes	(22)	59
Other changes:		
Change in personal income tax rates	100	96
Impact of legislation enacted in 2007:		
Increase in liabilities resulting from Bill 187	720	
Increase in liabilities resulting from Bill 221	30	
Unfunded liability, end of year	**$8,094**	**$5,997**

10. Administrative and other expenses

Administrative and other expenses consist of the following:

($ millions)	2007	2006
Salaries and fringe benefits	$299	$288
Equipment and maintenance	37	36
Occupancy	40	40
Communication	17	15
Supplies and services	6	7
Travel and vehicle maintenance	4	4
New systems development and integration	8	7
Other	18	18
	429	415
Amortization expense	12	13
Staff benefit plans	96	94
	537	522
Claim administration costs (note 8)	(294)	(301)
	$243	**$221**

11. Related party transactions

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997* and as directed by the Lieutenant Governor through Orders in Council, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*. The WSIB is also required to fund the Workplace Safety and Insurance Appeals Tribunal (WSIAT), and the Offices of the Worker and Employer Advisor. These reimbursements and funding amounts are determined and approved by the Minister of Labour. The WSIB is also committed to providing funding for the Institute for Work & Health and Safe Workplace Associations, clinics and training centres.

The total amount of funding provided under these legislated obligations and commitments in 2007 was $218 million (2006: $208 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations valued at $456 million (2006: $429 million).

Other

In addition to legislated obligations and workplace health and safety expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations with various Ontario government-controlled ministries, agencies, and Crown corporations. Such transactions are conducted on terms and conditions similar to those that apply to transactions with unrelated parties. Account balances resulting from these transactions are not significant.

12. Commitments and contingencies

Contractual obligations

At December 31, 2007, the WSIB was committed under non-cancelable contractual obligations-consisting of software licenses and equipment and property leases-requiring future minimum payments of approximately $24 million per year over the next five year and $33 million in aggregate thereafter.

Legal actions

The WSIB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on WSIB expenses or financial position.

Bank Line of Credit

The WSIB maintains an unsecured $150 million line of credit with a commercial bank. The credit line was not utilized in 2007 and 2006.

13. Comparative figures

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Ten-year history

Ten-year summary of the statements of operations and unfunded liability

($ millions)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Premiums for current year	$2,499	$2,385	$2,256	$2,124	$2,068	$1,997	$1,866	$1,760	$1,707	$1,722
Investments	812	1,298	819	470	456	246	765	1,128	1,042	982
Other income	2	3	3	49	–	–	–	–	–	–
	3,313	**3,686**	**3,078**	**2,643**	**2,524**	**2,243**	**2,631**	**2,888**	**2,749**	**2,704**
Expenses										
Benefit costs paid	3,476	3,285	3,197	3,101	2,996	2,883	2,755	2,558	2,195	2,255
Net increase/(decrease) in benefit liabilities	1,460	1,050	840	950	495	692	270	125	135	(85)
Loss of Retirement Income Fund	70	64	66	60	56	52	50	46	44	44
	5,006	**4,399**	**4,103**	**4,111**	**3,547**	**3,627**	**3,075**	**2,729**	**2,374**	**2,214**
Administrative and other expenses	243	221	203	204	210	240	236	247	387	336
Legislated obligations	218	208	200	188	172	160	162	156	145	125
	5,467	**4,828**	**4,506**	**4,503**	**3,929**	**4,027**	**3,473**	**3,132**	**2,906**	**2,675**
Excess/(Deficiency) of revenues over expenses from current operations	(2,154)	(1,142)	(1,428)	(1,860)	(1,405)	(1,784)	(842)	(244)	(157)	29
Premiums for unfunded liability	1,024	1,000	934	1,017	861	902	860	971	1,061	930
Transfer of Electrical Utilities from Schedule 2	–	–	–	–	–	(52)	–	–	–	–
Excess (deficiency) of revenues over expenses	**(1,130)**	**(142)**	**(494)**	**(843)**	**(544)**	**(934)**	**18**	**727**	**904**	**959**
Unfunded liability, beginning of year	(5,997)	(6,510)	(6,420)	(7,135)	(6,591)	(5,657)	(5,675)	(6,402)	(7,098)	(8,057)
Effect of change in accounting policy	–	–	0	1,088	–	–	–	–	(208)	–
Other comprehensive income	(967)	655	404	470	–	–	–	–	–	–
Excess of expenses over revenues	(1,130)	(142)	(494)	(843)	(544)	(934)	18	727	904	959
Unfunded liability, end of year	**$(8,094)**	**$(5,997)**	**$(6,510)**	**$(6,420)**	**$(7,135)**	**$(6,591)**	**$(5,657)**	**$(5,675)**	**$(6,402)**	**$(7,098)**

Other statistics

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Schedule 1										
Average premium rate (per $100 of payroll)	$2.26	$2.26	$2.19	$2.19	$2.19	$2.13	$2.13	$2.29	$2.42	$2.59
Total insured payroll ($ millions)	$146,393	$140,912	$135,865	$130,398	$125,638	$120,252	$113,727	$109,237	$101,654	$96,205
Schedule 1 & 2										
Number of new claims by registration year	329,161	336,851	352,996	352,474	354,926	361,179	371,067	379,079	364,069	342,687
Schedule 1 & 2										
Number of WSIB employees at December 31	4,399	4,283	4,363	4,411	4,276	4,390	4,513	4,466	4,260	4,057

2007 public-sector salary disclosure

WSIB employees earning more than $100,000 per annum:

Name	Position	Salary Paid	Taxable Benefits
Abrams, Brenda E.	Vice President, Legal Services and General Counsel	$194,958.99	$11,585.95
Adamo, Valerie	Vice President, Business Technology Services, and CIO	$201,225.84	$330.12
Ah-Yoong, Georges	Executive Director, Financial Planning and Support	$137,496.95	$4,851.81
Allingham, Richard	Director, Research and Evaluation	$126,823.51	$203.67
Angove, Linda	Vice President, Prevention and Corp. Strategy	$284,462.14	$3,709.65
Arvisais, Ed	Medical Consultant	$147,874.37	$258.90
Athaide, Alan	Manager Business, Operation Audit	$102,845.73	$185.84
Bain, Donna	Executive Director, Health Services	$168,863.62	$4,873.73
Balinson, Alex Paul	Medical Consultant	$119,507.81	$207.58
Barone, Lynne	Director, Organizational Effectiveness	$111,583.38	$201.26
Beegan, Thomas	Chief Prevention Officer	$218,312.27	$394.70
Belanger, Adele Marie	Legal Counsel	$122,693.62	$224.88
Bell, Susan	Director, Service Delivery	$129,247.70	$233.34
Bercovitch, Eve	Legal Counsel	$127,728.36	$230.72
Bishop, Margaret	Medical Consultant	$149,374.37	$258.90
Blanchard, Patricia D.	Director, Employee Relations	$109,640.48	$197.88
Boland, John	Assistant Director, Industry Sector/Small Business	$102,168.01	$351.80
Bradbury, Laura	Fair Practices Commissioner	$147,847.16	$266.98
Bridge, Margaret	Associate Director/Physician	$155,662.32	$270.10
Brown, Elizabeth	Legal Counsel	$131,255.33	$236.94
Burton, Neil	Senior Business Adviser	$136,496.57	$242.10
Buscarini, James	Adjudicator, Occupational Disease and Survivor Benefits	$103,614.25	$297.46
Campbell, Michael	Director, Investments	$193,722.56	$322.76
Cancilla, John	Director, Continuous Improvement Project	$110,098.68	$2,332.58
Casey , Paul	Project Director	$103,171.06	$149.46
Chain, Marybelle	Medical Consultant	$164,818.42	–
Chen, Kathy	Team Lead, Business Technology Services	$131,970.27	$167.84
Chiaino, Louie	Director, Collection Services	$111,430.32	$201.16
Chin, Charmaine	Director, Central Claims Processing	$121,430.59	$219.26
Chiu, Margaret	Manager, Business Technology Services	$118,921.23	$204.76
Clark, Dane	Director, Service Delivery	$111,663.28	$201.86
Clark, Jeff	Director, Strategic Procurement Facilities Management	$118,335.73	$213.48
Connelly, Dan	Director, Integrated Case and Account Management Program	$100,729.93	$178.50
Coulson, Greg	Human Resources Business Partner	$124,433.04	$215.98
Croucher, Brenda	Executive Director, AWCBC	$108,389.14	$191.62
De Lair, Hal	Director, Ontario Occupational Health Services Network	$120,601.62	$1,993.60
Denham, John	Vice President, Investments	$270,228.41	$424.56
Deslauriers, Jean	Medical Consultant	$102,647.15	$37.80
Dias, Irene	Director, Occupational Disease and Survivor Benefits	$105,691.77	$182.82
Difranco, Joe	Team Lead, Business Technology Services	$108,078.99	$170.86
Dilworth , John	Team Lead, Business Technology Services	$108,360.10	$143.28
Doppler, Andrew	Director, Service Delivery	$121,506.66	$219.58
Dorcas, Dow	Medical Consultant	$154,202.31	–
Dos Ramos, Carol	Manager, Prevention Education Support	$101,394.52	$183.10
Dudley, John	Associate Director/Physician	$160,693.46	$279.68
Easson, Douglas	Assistant Director, Prevention	$124,090.47	$190.34
Fahmy, Nadia	Director, Service Delivery	$161,051.52	$236.87
Faubert, Stephanie	Senior Business Adviser	$169,650.00	–
Field, Paul	Director, Service Delivery	$122,538.66	$217.20
Galway, Kathleen	Director, Business Operations Audit	$115,968.83	$209.56
Gao, David G.	Senior Specialist, Applications	$103,499.19	$166.32
Geary, Judy	Vice President, Program Development	$205,931.98	$5,236.11
Germansky, Martin	Medical Consultant	$149,374.37	$258.90
Gilkinson, Paul	Vice President, Specialized Claims Services	$142,660.28	$226.56
Godin, Lisanne	Assistant Director, Service Delivery	$101,118.74	$182.56
Gray-Moores, Jackie	Organizational Effectiveness Consultant	$102,685.41	$698.58
Grbac, Leonard	Medical Consultant	$149,374.37	$729.07
Guilmet-De Simone, Helene	Manager, Benefits Policy	$102,726.04	$185.28
Hann, Karen	Director, Health Services Management	$113,505.02	$203.24
Harding, Robert	Director, Revenue Development	$118,112.11	$213.20
Heckadon, Robert	Associate Director/Physician	$101,731.28	–
Herlick, Vivi	Project Consultant	$100,353.15	–
Herrick, Troy	Medical Consultant	$117,312.34	$208.94
Herrington, Michael	Director, Service Delivery	$120,206.92	$217.20
Hickman, Robert	Medical Consultant	$149,374.38	$445.82
Higgins, Jodi	Director, Service Delivery	$137,352.98	$785.04
Hinrichs, Robert	Vice Presdient and Chief Actuary	$280,761.20	$15,423.45
Horseman, Brock C.	Chief Operating Officer	$213,313.72	$3,855.13
Houston, Roberta	Legal Counsel	$114,639.47	$206.88
Hutcheon, Jill	President and Chief Executive Officer	$397,893.12	$32,208.43
Iannucci, Eliana	Director, Serious Injury Program & Specialty Programs	$102,939.28	$177.31
Jachna, John	Director, Pre-1990 Claims	$111,682.87	$200.24
Jackson, Steven	Vice President, Prevention	$187,580.82	$6,417.33
Jakobson, Susan	Director, Organizational Health, Safety & Wellness	$117,890.43	$212.92
Jeanes, Wayne	Assistant Director, Treasury Operations	$108,113.25	$712.10
Johnson, Patricia	Director, Program & System Development	$107,355.09	$192.36
Johnson, Stephen	Manager, Appeals	$105,082.95	$530.86
Johnston, Christine	Assistant Director, Supplier Relationship Management	$101,767.60	$176.97
Johnston, Michael Bruce	Executive Director, Prosecution and Investigation	$133,308.33	$238.60
Jordan, Vince	Director, Technology Management Services	$118,997.30	$203.28
Joseph, Jerry	Manager, Treasury	$100,899.65	$407.24
Kanalec, Andrew D.	Medical Consultant	$146,374.37	$258.90
Karmali, Karima	Director, Specialty Programs Liaison Office	$105,957.05	$374.08
Kashani, Soudabeh	Medical Consultant	$148,641.47	$254.14
Kelly, Brian	Associate Director/Physician	$162,134.58	$292.86
Kelly, Linda	Director, Specialist and Advisory Services	$124,506.06	$1,643.28
Kosmyna, Roman	Board Auditor	$194,634.16	$12,540.85
Krawchuk, Mary	Assistant Director, Service Delivery	$102,227.36	$184.92

Note: The amounts shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 2007 for retroactive pay from a reclassification or a grievance settlement or a payout upon retirement. The earnings shown may also be less than the individual's annual rate of salary if the individual worked only part of the year.

Name	Position	Salary Paid	Taxable Benefits
Kwong, Paul	Director, Applications and Integration Services	$135,819.92	$241.82
Lamanna, Pat	Director, Small Business	$136,146.71	$781.44
Lau, Robert Hing	Director, Financial Services	$121,690.20	$219.82
Leshchyshyn, Dana	Executive Director, Service Delivery	$148,421.61	$2,735.14
Levitsky, Marianne	Director, Best Practices	$172,448.56	$448.50
Li, Jim	Senior Specialist, Unix	$111,263.98	$148.79
Little, Sheila	Director, Business Services	$109,199.18	$197.22
Lorenz, George	Director, Human Resources Operations	$123,391.55	$223.18
Lovelock, Ronald	Director, Prevention Services	$143,303.93	$223.50
Lovett, Kerry	Director, Service Delivery	$112,115.32	$202.40
Ma, Betty	Actuary	$155,615.13	$280.56
Maehle, Waldermar	Medical Consultant	$150,895.01	$10.80
Maier-Pessoa, Brenda	Appeals Resolution Officer	$104,341.77	$137.47
Malara, Nives	Director, Learning and Development	$119,008.19	$214.78
Mancini, Carmen	Project Director	$110,996.25	$1,075.97
Martin, John	Manager, Benefits Policy	$102,985.39	$185.84
Mastrilli, Arcangelo	Medical Consultant	$146,374.37	$258.90
Mastromattei, Heather	Director, Service Delivery	$108,690.31	$196.08
McAdam, Roberta	Director, Revenue Audit Services	$126,574.08	$228.48
McCarthy, Jane	Vice President, Health Services	$203,494.09	$9,753.38
McIntyre, Moira	Vice President, Strategic Communications, Policy, and Research	$221,160.07	$318.78
McKenna-Boot, Patricia	Associate Director/Physician	$156,802.42	$277.86
McLean, Katherine	Director, SPMO and Business Advisory Services	$125,527.34	$198.93
McMurtrie, Robert	Corporate Controller	$141,357.06	$255.62
Meenan, John	Medical Consultant	$149,374.37	$258.90
Mercer, Marjoire	Vice President, Occupational Disease Services	$128,076.98	–
Mikkelsen, Allan Charles	Human Resources Business Partner	$120,340.15	$675.00
Mitschele, Luise	Director, Service Delivery	$102,855.54	$699.72
Morrison, Richard	Director, Service Delivery	$134,424.56	$242.76
Morsillo, Joe	Director, Benefits and Revenue Policy Branch	$124,752.68	$215.36
Mould, Roy	Chief Prevention and Corporate Strategy Officer	$258,132.22	$3,990.51
Mutter, Susan Elaine	Manager, Business Technology Services	$101,543.28	$181.26
Ng, Malen	Chief Financial Officer	$317,664.07	$499.28
Noble, Elaine	Legal Counsel	$108,346.10	$195.48
O'Connor, Deborah	Medical Consultant	$146,374.37	$258.90
Peddle, Laura	Director, Compliance Projects and Planning	$110,049.69	$2,491.97
Pejovic, Pina	Director, Research and Evaluation	$100,148.47	$178.64
Peter, Alice	Director, Occupational Disease and Policy Research	$124,259.48	$224.16
Petrie, Gordon	Director, Collection Services	$113,604.94	$205.68
Pita, Mirsad	System Architect	$103,761.08	$183.42
Potocny, Steve	Director, Financial Business Support	$113,906.78	$205.64
Potter, Douglas	Senior Business Adviser	$130,470.72	$226.78
Preobrazenski, Roman	Medical Consultant	$119,507.81	$207.58
Price, Cindy	Adjudicator, Occupational Disease and Survivor Benefits	$107,786.63	$130.52
Prichett, Barry	Medical Consultant	$146,374.37	$258.90
Pushka, Wayne	Director, Security and Investigations	$108,687.02	$2,332.87
Rabbito, Maria Teresa	Assistant Director, Service Delivery	$105,913.13	$191.22
Rajack, Christina	Manager and Practice Leader, Services Management	$110,054.82	$191.28
Ramsey, Williard	Actuary, Pricing and Valuation	$148,532.37	$220.97
Ranalli, Janette	Adjudicator, Occupational Disease and Survivor Benefits	$105,396.67	$130.52
Reano, Cesar	Manager, Loss of Retirement Income	$100,755.33	$182.52
Recchi, Serge	Senior Prosecutor	$103,378.29	$519.14
Rodenhurst, John D.	Director, Strategic Planning and Alliances	$123,420.70	$222.86
Sands, Joanne	Adjudicator, Occupational Disease and Survivor Benefits	$104,620.52	$130.52
Scaini, Kathleen	Director, Service Delivery	$101,250.02	$335.32
Scarcello, Ralph	Manager, Business Operation Audit	$106,598.84	$185.52
Schofield, Michel	Director, Clinical Resources	$171,642.51	$296.70
Scullion, Catherine	Medical Consultant	$135,348.89	$285.95
Setton, Allan	Chief Architect	$162,048.21	$284.10
Seville, Michelle	Systems Architect	$107,163.20	$186.76
Sgro, Joseph	Vice President, Specialized Claims Services	$186,426.58	$297.50
Share, Frances	Director, Return to Work/Labour Market Re-entry	$122,710.80	$160.46
Shewell, Kathryn	Director, Business Relationship Services	$131,891.35	$2,365.26
Shimoda, Karen	Senior Project Manager, Health Services Management	$101,734.46	$350.36
Simon, Larry	Architect	$207,999.74	–
Siu, Christina	Sr. Project Mgr., Program and System Development Services	$105,144.19	$540.10
Slinger, John	Chief Operating Officer	$298,236.83	$6,037.43
Smargiassi, Lou	Manager, Appeals	$111,142.03	$193.46
Smith, Carol	Medical Consultant	$119,507.81	$207.58
Smith, Graham	Manager, Revenue Policy	$103,017.92	$186.16
Snowden, Edward C.	Project Manager	$100,894.51	$181.92
Soriano, Frank	Organization Effectiveness Consultant	$100,149.58	$180.66
Steinnagel, Brenda	Medical Consultant	$146,679.02	$241.78
Storms, Diane	Manager, Service Delivery	$100,603.82	$172.00
Subryan, Keith	Director, Service Delivery	$113,179.26	$370.82
Tam, Ed	Director, Information Systems Audit	$116,044.70	$209.56
Taraschuk, Ihor	Medical Consultant	$149,374.37	$258.90
Temnenco, Vitalie	System Architect	$108,473.33	$276.85
Thompson, Wayne	Director, Provider Relations	$154,786.86	$221.62
Timlin, Robert J.	Director, Service Delivery	$124,046.14	$2,215.26
Tkachenko, Laurisa	Director, Privacy Office	$106,034.39	$191.56
Todorovic, Slavica	Executive Director, Policy and Research	$142,932.60	$258.36
Tucker, Cheryl	Director, Community Relations	$115,117.79	$205.96
Walker, John	Medical Consultant	$149,374.37	$258.90
Wallace, Tim	System Architect	$112,835.79	$201.16
Wang, Kennedy	Director, Schedule II Sector	$124,863.55	$217.20
Weatherbee, Wayne	Vice President, Service Delivery	$231,851.51	$6,451.74
Webb, Joanne	Director, Integrated Case and Account Management Program	$113,169.56	$196.74
Weber, Diane	Director, President's Office	$155,912.97	$248.72
Wentzell, Scott	Medical Consultant	$120,859.08	$207.58
Whitney, David	Director, Service Delivery	$128,773.28	$232.74
Wiskin, John	Director, Integrated Case and Account Management Program	$125,336.64	$224.06
Young, David	Assistant Director, Revenue Audit	$103,151.46	$183.16

Outcomes and measures

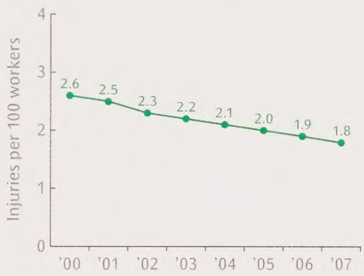
In 2007, a corporate outcomes, measures, and targets initiative helped the WSIB to monitor its progress in relation to three key imperatives:

Three key imperatives

- Making Ontario workplaces among the safest in the world
- Providing quality service that meets the needs of workers and employers
- Ensuring the financial security of the workplace safety and insurance system

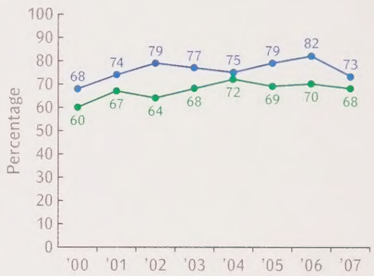
These charts measure the WSIB's progress against each of these imperatives:

Measure: Schedule 1 & 2, WSIB/MOL harmonized lost-time injury rate



Lost-time injuries per 100 workers for all Ontario workplaces covered under *The Workplace Safety and Insurance Act*

Measure: Perceived overall satisfaction with WSIB experience*

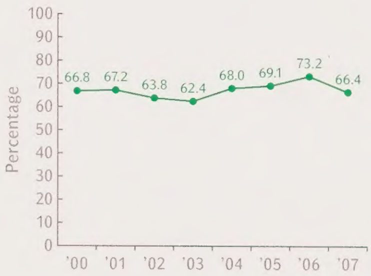


Employers' perceived satisfaction with WSIB experience

Injured workers' perceived satisfaction with WSIB experience

*Ipsos-Reid survey data

Measure: Funding ratio



Ratio of assets to liabilities, expressed as a percentage

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Telephone 416-344-1000
Toll-free 1-800-387-5540
TTY 1-800-387-0050
e-mail wsibcomm@wsib.on.ca

Head office:
200 Front Street West
Toronto, Ontario M5V 3J1

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